







A Wandering Student  
in the Far East









*Picturesque Japan.*

# **Wandering Student in the Far East**

BY

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AND 'ON THE OUTSKIRTS OF EMPIRE IN ASIA'

"He (Dr Johnson) talked with an uncommon animation of travelling into distant countries, that the mind was enlarged by it, and that an acquisition of dignity of character was derived from it. He expressed a particular enthusiasm with respect to visiting the wall of China."—*Boswell's Life of Samuel Johnson*.

*WITH ILLUSTRATIONS AND A MAP*

IN TWO VOLS—VOL. II

**William Blackwood and Sons**  
**Edinburgh and London**  
**1908**



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## PART IV.

# SOME PROBLEMS OF WESTERN CHINA

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"When the Master went to Wei, Jan Yu drove his carriage. The Master said: What an abundant population!—Jan Yu said: Now that the people are so abundant, what is the next thing to be done?—Enrich them, said Confucius.—And having enriched them, what then?—Teach them, was the reply."—*Analects of Confucius*.

"When the Indian trail gets widened, graded, and bridged to a good road, there is a benefactor, there is a missionary, a pacificator, a wealth-bringer, a maker of markets, a vent for industry."

—R. W. EMERSON.



## CHAPTER XIX.

### CHINA IN REVOLT.

A PERUSAL of the two preceding chapters will have made sufficiently clear the outstanding difference between the problems presented to the Government of India on the "North-West Frontier" and those arising on the "North-East Frontier." Beyond the ramparts of the Western Himalaya and the Hindu Kush lie a congeries of states whose importance to Great Britain arises chiefly from the accident of their geographical position. Asiatic Turkey, Persia, Afghanistan, and Tibet occupy the position of pawns upon the Asian chess-board. Incapable of any movement of moment in themselves, they act as a screen nevertheless to the vital piece upon the board as represented by the

Indian Empire. In the many problems which they present to British statesmanship, commerce plays a part of but secondary importance, being not infrequently employed as a means towards political ends. In other words, the ultimate aim of British statesmanship in these parts of Asia has been the maintenance and strengthening of a belt of neutral states, inhabited by friendly peoples, and ruled by potentates, friendly, it may be, but in any case innocuous in as far as their powers of aggression—should they ever feel moved towards any such exhibition—are not of such a kind as to cause a Power like Great Britain serious apprehension. In such a programme the acquisition of strategic posts of vantage and the creation of political prestige have necessarily taken precedence of a single-minded development of trade in lands offering the merchant, at the best, a poor and unattractive soil. This I have endeavoured to make clear elsewhere.<sup>1</sup>

In that part of Asia with which I am now

<sup>1</sup> See 'On the Outskirts of Empire in Asia,' pp. 19-23 and ch. xxvi.

dealing these conditions are reversed. The vast network of mountains which run down from Tibet to Siam, quite apart from the essentially unaggressive character of the Chinese people, provides a sufficient guarantee against any serious violation of India's eastern frontier. Questions of defence fall into the background; commerce stands out as the matter of paramount importance, and the acquisition of political influence becomes desirable, not as an end in itself, but for the purpose of securing the abolition of harassing restrictions upon British trade and a fair field for the play of British enterprise in growing markets. The expansion of trade in a country of vast areas demands, and will demand with increasing persistency, the improvement of communications, and the question of the introduction into China of modern methods of transport—i.e., transport by railway and steamboat—is in its turn materially affected by the present reform movement in China, inspired as it is by the spirit expressed in the terms of the catch-cry of the Young China party, "China for the Chinese." This attitude of China

towards the foreigner has got to be recognised and understood, for it is at the present time, and will continue to be in the future, a determining force in all intercourse between China and foreign nations. Unless this be realised, no question, whether of trade or of industrial enterprise, in China can be profitably discussed, and I make no apology, therefore, for tracing the history of the past decade, in so far, at any rate, as the growth of the new spirit of the Chinese is concerned.

At the close of the nineteenth century Europe knew little of, and cared less for, the real feelings of the Chinese. Their prodigious pride—"pride of race, pride of intellect, pride of civilisation, pride of supremacy—in its massive and magnificent setting of blissful ignorance,"<sup>1</sup> was heedlessly ignored. How often had

"The East bowed low before the blast  
In patient deep disdain,  
To let the legions thunder past  
And—plunge in thought again"?

'These from the Land of Sinim'—Sir R. Hart, G.C.M.G.

The Chinese were of the East—eastern. They subscribed, therefore, to the comfortable doctrine of Fatalism, and would accept with quiet resignation the ruling of the grim god whom men call Destiny. And with reckless levity continental Europe thought to play the part of destiny to four hundred millions of an alien race, and to despoil them of the land which had been theirs for upwards of four millenniums.

No apology is intended here for “the dreadful events”—to make use of the phraseology of one emotional writer—“fit to be printed with lurid letters of blood on pages of Cimmerian darkness,” which apprised the astonished visionaries of Europe of their mistake. It is not even disputed that nothing short of the actual seizures by Germany, France, and Russia—and under pressure of events, England—would have sufficed to disturb the monumental apathy of the Peking mandarinatè, and to awaken them to the necessity of facing a dawning era of change; but it is asserted with profound conviction that for the day of tribulation



in North China the Cabinets of Europe were themselves to blame, and that in the upheaval of 1900 is to be read nothing more nor less than the inevitable sequence of cause and effect.

The nineteenth century resounded with the cry of Europe to Asia—"Change and reform." To the twentieth it is given to lift the curtain on a new Far East, awakened to a new life by the noisy and insistent cry, backed by "the last argument of kings"—the roar of cannon and the persuasive patter of small-arm ammunition; and it is in this connection that lies the lasting interest of the chain of events that led up to the drama of Peking during the summer of 1900.

What was the situation when, in the opening year of the twentieth century, the advent of an intercalary eighth moon portended to the superstition-ridden Chinese calamity for the whole empire? Truth demands the admission that it was one of sufficient provocation. The iron-handed martinet of Germany frowned defiance at the capital

from the vantage-ground of territory newly torn from the live body of China; Manchuria writhed under the grinding heel of Russia; France in the south grasped the territory and harbour of Kwong-chow-wan; Great Britain held Kow-loon and Wei-hai-wei. The break up of China was openly spoken of by men in high places, and the crowning insult was added to a proud and conceited nation when Italy, whose interests in China were represented by 124 out of the 17,193 foreigners resident in the treaty ports, and 9 of the 933 foreign firms, put in an absurd and frivolous claim to a port in the province of Chekiang.<sup>1</sup>

<sup>1</sup> The Chinese author of 'The Chinese Crisis from Within' gives a translation of a letter written in May 1900 by the notorious Manchu generalissimo Yung-lu to Tung Fu-hsiang, who led the Chinese troops against the legations. The encouragement derived by the anti-foreign party from their success in refusing the demands of Italy is clearly shown in the following sentence which occurs in it: "I opposed the cession of Sanmun to Italy, and the latter dared not touch us. So I intend to greatly and widely display the ferocity of my soldiers, and prevent for ever the barbarians from frightening our people. The accursed race of barbarians are not numerous, and surely we can kill and expel them from our country."

The breaking-point of Chinese complacency had at last been reached. The demand of the Italian Minister was politely but firmly refused, the passions of the people were roused by the circulation of maps in Chinese showing the various portions of the empire carved out by the Powers as future dependencies, and over the scene crept a sinister shadow of impending change.

Looking back over the chapter of Chinese history which began with the German occupation of Kiau Chau and closed with the siege of the legations at Peking, with all the advantages of time and distance, to enable the attainment of a correctly adjusted focus, the signs and portents appear sufficiently well marked; and had it not been that the one cry to which those most nearly concerned "had grown so accustomed as to mind it less than their own heart-beats," was this Chinese cry of Wolf!" the real direction in which the unwieldy Chinese colossus was drifting must surely have been perceived. The edicts issued by the Emperor during his brief and amazing attempt at

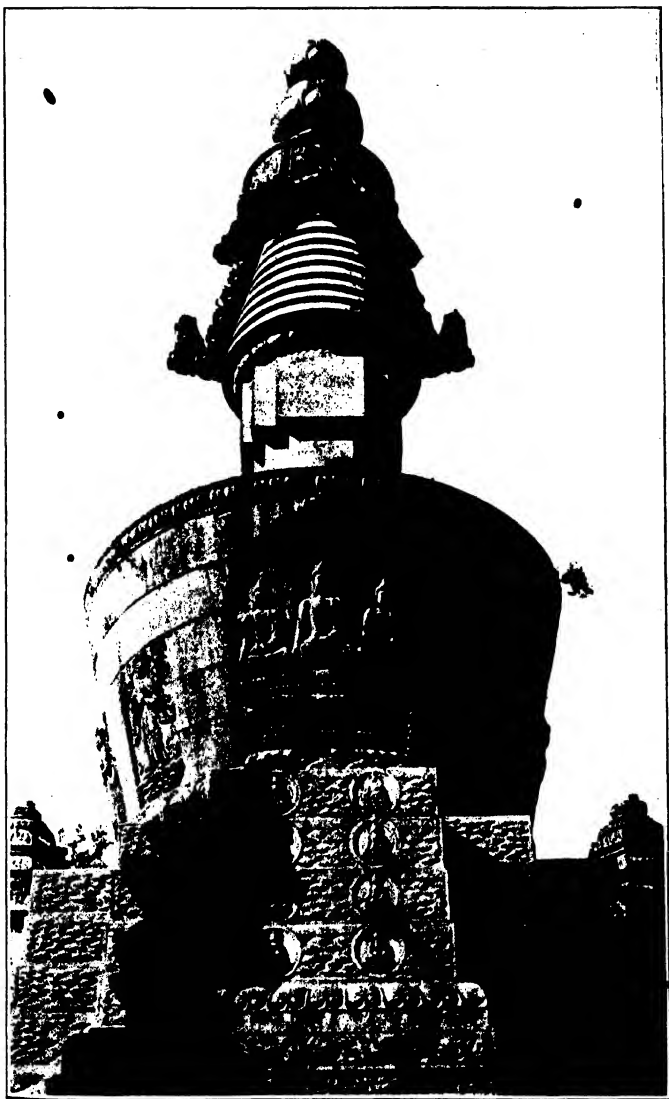
reform were uniformly directed to increasing the capacity of his country to resist. In November 1897 Kiau Chau had been seized, and in January 1898 a ninety-nine years' lease reluctantly granted. In the same month it was declared by imperial rescript that—"we are beset on all sides by powerful neighbours who craftily seek advantage from us, and who are trying to combine together in overpowering us"; while sanction was at the same time given to a memorial by Hsü Tung, praying that volunteers and militia corps of able-bodied men imbued with a spirit of loyalty and patriotism be formed—"to strengthen the defences of the Empire with a human bulwark of brave and loyal hearts," and that "the regulars and militia levies from the interior regions be forthwith ordered to march to the sea-board for the purpose of adding to the local defences of each maritime port or city."<sup>1</sup> In March of the same year Russia extorted from China a twenty-five years' lease of Port Arthur, Talienwan, and their

• <sup>1</sup> Imperial edict, January 17th, 1898.

adjacent territories and waters, and in April Wei-hai-wei was leased for a similar period to Great Britain, and Kwong-chow-wan<sup>1</sup> for ninety-nine years to France. The echo of these doings was not long in coming. "Let us ask what other country except our own is there that is labouring under such difficulties, because of being behind the times? What will our condition be if we do not set about at once to drill and arm our armies after modern methods? Does any one think that in our present condition he can really say with any truth that our men are as well drilled and well led as any foreign army? Or that we can stand successfully against any one of them?"<sup>1</sup>

In September the Peking world, which had been gasping bewilderedly in a novel atmosphere of reform for the whole of a memorable summer, were forced to beat a hurried retreat to the normal by the dramatic *coup d'état* of her Majesty Tzu Hsi, resulting in the obliteration of the Emperor, the cold-blooded murder, without trial, of

<sup>1</sup> Imperial edict. June 22th. 1898.



*Dagoba at the Yellow Temple, Peking.*



six of the chief reformers, and the casting into the melting-pot of the elements of reform. Yet with the accession of the reactionary junta to power one reform at least was steadfastly pursued—the reform best calculated to put a term to foreign aggression. Witness the imperial edict of November 5th, 1898—"I, the Empress-Dowager, having at heart the welfare of my people and the permanence of the dynasty, am of opinion that every effort should be made to establish volunteer military organisations throughout the country. With trained volunteers in all the cities, towns, and villages, and the people accustomed to the use of arms and the drills and discipline of the regular army, the whole country can be turned into a great armed camp to fight for their homes should the exigencies of the moment call our people forth. We can then depend on ourselves for the safety of our homes and families."

In November 1899 France swallowed yet one more slice of Chinese territory in the two islands commanding the entrance to her previous acquisition of Kwong-chow-wan, and



a month later an imperial edict appeared in language which it should have been impossible to mistake—

"The various Powers cast upon us looks of tiger-like voracity, hustling each other in their endeavours to be the first to seize upon our innermost territories. . . . They fail to understand that there are certain things which the Empire can never assent to, and that, if hardly pressed, we have no alternative but to rely on the justice of our cause, the knowledge of which strengthens our resolves and steels us to present an united front against our aggressors. . . . It behoves, therefore, that our Viceroy, Governors, and Commanders-in-chief unite their forces and act together, without distinction of jurisdiction, so as to present a combined front to the enemy, exhorting and encouraging their officers and soldiers in person to fight for the preservation of their homes and native soil from the encroaching footsteps of the foreign aggressor."<sup>1</sup>

The shadow had moved forward many degrees on the dial of inexorable fate.

During the year 1899 a spirit of unrest stalked abroad throughout the dominions of the "Son of Heaven," and if the influences which now stirred the masses of China were

<sup>1</sup> Imperial edict, December 1899.

largely anti-dynastic, was it not the effete Manchu bureaucracy that were responsible for recent foreign inroads into the ancient land of their inheritance? Effete in all else, the Manchu caucus were still past masters of all the intricacies of Oriental diplomacy and intrigue, and little difficulty was experienced in diverting the rising tide of indignation from its channel of anti-dynasticism to the broad and easy course of anti-foreign agitation. So—"Death to the foreigner and uphold the dynasty" was the legend inscribed on the banners of the Boxers when the gathering clouds at length burst in the fateful summer of 1900.

The project was ill-conceived and badly carried out, and in its *dénouement* displayed a distraught and divided Government saw-sawing painfully backwards and forwards on the horns of an insoluble dilemma. A malignant hatred of the foreigner, and a consequent secret desire to court the favour of, and to acquire popularity with, the seething rabble of malcontents whom they themselves had raised up, and who now, waving aloft the

flag of patriotism, were rapidly assuming the alarming proportions and power of a veritable monster of Frankenstein, dragged them painfully in the direction of the forces of evil, while a wholesome dread of foreign power to deal vengeance obtruded its hateful presence and bade them hold aloof. Moreover, in the inner recesses of the council chamber was a house divided against itself. Some there were—and it is noteworthy that they were almost exclusively Chinese as opposed to Manchus—who knew well the danger of playing thus with fire, and who acted as a restraining influence upon the party of reaction, who were obsessed with one single and insane idea,—the blotting out once and for all, by fair means or by foul, of the hateful presence of the foreigner.

Thus while “yang-ren pih shah, yang-ren t’ui huei, ki shah”—“the foreigners must be killed; even if the foreigners retire, they must still be killed,”<sup>1</sup>—was the amiable message

<sup>1</sup> A copy of this telegram was confidentially handed to a missionary in Honan by a friendly native in a brigadier-general’s yamen. See ‘Martyred Missionaries,’ p. 9.

telegraphed all over China in June by the Empress-Dowager, in whose kindly and gentle nature Miss Carl sees "the very embodiment of the Eternal Feminine," two high officials, Hsü-ching-cheng and Yüan-ch'ang, took it upon themselves, to their everlasting honour, in despatching the order to the south, to alter the word *shah*, "to kill," into *pao*, "protect." It is interesting to recall the fact that "the embodiment of the Eternal Feminine" thereupon proceeded to vindicate her Eternal Femininity by having the two officials sawn asunder.

The situation, then, was one of sufficient difficulty for a weak and divided Government, and they did what was perhaps inevitable under the circumstances—they waited on events.

There is little doubt that the bursting of the bomb was premature. Even those who regarded the Boxer movement in Shantung as "very significant," did not expect it "to become a danger before the autumn"; while Monseigneur Favier, whose hand was on the pulse of the magnificent intelligence organism

provided by the Roman Catholic mission, expressed himself satisfied with the granting of his modest request for "*quarante ou cinquante marins pour protéger nos personnes et nos biens.*" The rapid development of the movement was "a genuine surprise." The Boxers, encouraged by the annihilation party in the Government, got early out of hand, while a severe drought in the metropolitan province threw hundreds, who would otherwise have been occupied in the peaceful cultivation of the soil, into the arms of the fomenters of discontent. The belief expressed by the British Minister at the time, that a few days' rain would do much to quiet the populace, is confirmed by eyewitnesses of the facts. Proclamations were scattered broadcast declaring that the foreigners were the cause of the drought, and "rain processions" were freely held to propitiate the wrath of the gods. The experiences of the many members of the China Inland Mission involved in the uprising are summed up by Mr Broomhall in these words: "There had been a long season of drought, and the usual crops had

failed. The people, instead of being busily engaged upon their farms, were idle, hungry, and discontented. They were face to face with a serious famine. Heaven must be displeased, for if not, why was the rain withheld? "1

It required little at such a time to persuade a superstitious people like the Chinese, whose minds are at all times dominated by an ineradicable belief in geomancy, that the foreigners were the cause of these calamities.<sup>2</sup> Railways, telegraph lines, mining machinery, forced upon the country at the point of the bayonet by the sacrilegious foreigner, were disturbing the spiritual forces of the country

<sup>1</sup> 'Martyred Missionaries,' p. 19.

<sup>2</sup> The extraordinary and exasperating hold which geomancy has upon the Chinese mind is well known to every resident and most travellers in the country. Here is an illustration of its working given in 'Things Chinese' (Dyer Ball): "When it was proposed to construct a telegraph from Canton to Hong Kong, the ground of the opposition against it was as follows: Canton is 'the city of Rams' or 'Sheep'; the mouth of the river is known as the 'Tiger's Mouth'; the district opposite Hong Kong is the 'Nine Dragons.' What more unfortunate combination could be found—a telegraph line to lead the sheep right into the tiger's mouth, and amongst the nine dragons!!"

and calling down the wrath of the gods. "The Chinese Government could not have chosen a time more suited to their purpose."<sup>1</sup> The superstitious peasants, driven to distraction and eager to seize upon any straw that held out a promise of relief, tore down a railway station near Peking, and by a curious and unfortunate coincidence a torrential thunderstorm broke over the place a few hours later. The stars in their courses fought in the ranks of outrage and anarchy. "The cause of nationality may excite the educated revolutionist; but the pinch of famine is required before the humble tiller of the soil can be enlisted in his thousands." The "combination of agrarian with national aspirations," which gave "so sinister and terrible a complexion to Ireland in 1880,"<sup>2</sup> hastened the crisis in China in 1900. Throughout the north discontent and irritation seethed and bubbled; the time was ripe for avenging past humiliations by the extermination of the foreigner — yet the Government still held back.

<sup>1</sup> 'Martyred Missionaries,' p. 8.

<sup>2</sup> 'Life of Lord Randolph Churchill.'

Ostensibly, at any rate, the rising was not accorded Government support: on the surface, at least, the Foreign Ministers were still the representatives of friendly Powers accredited to the Court of Peking.

On June 17th the admirals of the allied fleets stormed and took the Taku forts. Here at last was a legitimate excuse for breaking off relations, which was instantly seized upon by the party urging war and made the subject of a hurriedly drawn-up apologia. "Extreme kindness," it was declared, "has been shown the strangers from afar; but these people know no gratitude, and increase their pressure. A despatch was sent calling upon us to deliver up the Taku forts, otherwise they would be taken by force. . . . With tears have we announced war in the ancestral shrines. . . . Those others [*i.e.*, foreigners] rely on crafty schemes, our trust is in Heaven's justice; they depend on violence, we on humanity." At 4 P.M. on the 19th an ultimatum was issued to the representatives of the Powers in Peking, and their departure within twenty-four hours demanded. Departure with



their wives and families, and without transport, through a raging mob of armed fanatics, being obviously out of the question, the Ministers remained where they were, and at 4 P.M. on the 20th the first bullet from an Imperial trooper's rifle imbedded itself in the British legation wall. There are places in the magnificent modern legation quarter where the curious may observe at the present day odd patches of perforated wall, land-marks of the past carefully preserved amid the polish and garnish of the new—lest we forget.

Still the siege was not pressed vigorously home,—some restraining force still held the governing body back: weak and vacillating, they still waited on events. The key to a difficult and tangled situation lay in Tientsin. On June 10th a force of rather less than 2000 men, under Admiral Seymour, had started from that city for Peking. At first all went well, but on the 18th, the day after the capture of the Taku forts, a sudden access of force was added to the Boxer ranks in the shape of Imperial troops, and the position of the column soon became so desperate,



*Bronze dragon at the Lama Temple, Peking.*



that it was only with the help of a relieving detachment from Tientsin that it struggled back to that city on the 26th. Thenceforward the attack on that place was pressed with a fierce determination; the fate of Europe in China hung in the balance, and the turn of the scale rested with the gallant, sorely-tried band of men who were fighting desperately for life while the dog-days of June and July dragged slowly by. Those who were there, and who knew not from day to day what the morrow would bring forth, can paint in all the terrible colours of realism a vivid picture of the wearing struggle so nearly lost: to the onlooker, something of the fierceness of the fight comes home with a perusal of the list of casualties, exceeding, as it did, in the course of a few short weeks the same grim catalogue for Ladysmith, Kimberley, and Mafeking combined during three years of war.

Tientsin won through, and on August 4th a mixed force of 10,000 Japanese and an equal number of other troops—British, Americans, and Russians—started for Peking. With

their triumphal procession to the capital, China's bout of midsummer madness was brought to a speedy close, and an international conference assembled to brood over the results of upwards of half a century's endeavour to dragoon a protesting people into the comity of nations.

The proceedings of the Powers subsequent to the relief provide much that is unpleasant reading. The gross brutality of the so-called Christian soldiery of continental Europe was scarcely calculated to inspire the Chinese people with either affection or respect, but rather to hand down to future generations a legacy of hate. Moreover, in the course of the discussions and councils by which it was sought to evolve order out of chaos, and to re-establish a working mechanism between conquerors and conquered, the schemes and jealousies of rival Powers became partially unveiled. The story of the steady progress of Russia in the absorption of Manchuria I have told elsewhere.<sup>1</sup> It provided an object-

<sup>1</sup> 'On the Outskirts of Empire in Asia,' chaps. xxviii. and xxix.

lesson which was not lost upon the rehabilitated dynasty and its advisers at Peking. As a remedy for foreign aggression, Boxerism had failed, and the years immediately succeeding the disaster of 1900 were remarkable chiefly for the steady advance, once again, of the party which sought salvation in national reform. If progress at first was slow, the new spirit was none the less there, and as the sensational scenes of the great Far Eastern drama of 1904-5 were played out on the Manchurian stage, they added immeasurable momentum to the already rolling ball. The significance of the war—the triumph of the yellow race over the white—was not lost on the people who, after the protagonists, were most nearly concerned, and Japan victorious inevitably became the model for a reorganised China, destined in the future to repeat, if not to surpass, the vast achievements of the island empire.

The precepts of Kang Yu Wei became the doctrine of a people: China became impregnated with a rapidly growing aspiration after *national assertion*. This is the key to each

new move by China in her dealings with the outside world, and it is essential not to lose sight of the fact that it is the same spirit which rose phoenix-like from the ashes of Kagoshima to inspire the makers of new Japan, that provides the driving force behind the reform movement in China at the present time. In other words, the alpha and omega of Chinese reform are to be found in the expression "China for the Chinese," which provides an effective watchword for the banners of the Young China party and an agreeable text for the copious outpourings of a newly born native press, round which the hitherto unknown phenomenon of a Chinese public opinion is rapidly being formed.

It would, indeed, be difficult to lay too much stress upon the power of the press as an agency for the diffusion of the aspirations of the new school of thought in China. "No feature of modern China," declared Dr Morrison, at the dinner of the China Association held in London on November 5, 1907, "is more striking than the growth of the native press. I believe there are no fewer than 200 newspapers published

in China. Every capital has its own daily press. Their leaders show steady development in political knowledge and insight." And side by side with the sudden birth and amazing expansion of a native press has grown an almost insatiable demand for Chinese translations of the literature of Europe and America. The scope of this new demand is immense, and ranges from educational handbooks on such subjects as history, political economy, or philology, to modern fiction as represented by 'La Dame aux Camélias' and 'Sherlock Holmes.' It is reported that no fewer than 355,000 copies of a single text-book have been recently printed by the foremost Chinese publishing agency—the "Commercial Press,"—and that 158,000 copies of another have been sold in the course of eighteen months. So far back as the year 1904 there were said to be over 1100 different educational works on sale in Shanghai, apart altogether from the works published by the missionary agencies. That the pandering, on this scale and in this manner, to the voracious appetite for knowledge with which China has suddenly been assailed will have far-reaching



results, is patent to all; what is not quite so obvious is the exact nature of the results which are likely to ensue. "To pass within the life of a generation from the Trimetrical Classic to John Stuart Mill, from the days of the Crusaders to the twentieth century, is a feat of mental and sociological gymnastics not devoid of danger; the people which takes so great a leap risks failure, and failure means anarchy and chaos."<sup>1</sup> Yet no man may say that China is about to be involved in any such catastrophe. But if it is not possible to predict with any hope of success, it is at least safe to insist upon the wide diffusion of the influence wielded by the spirit of reform.

The reader who has followed me in my journey from Shanghai to Bhamo will have arrived at some idea of the extent and reality of the movement. Let me sum up briefly some of the symptoms of change which were apparent in the interior of the country. In all directions I heard of organised rejoicings at the promise of a Constitution, or of keen resentment and discontent where

<sup>1</sup> The Shanghai correspondent of 'The Times.'

such intended expressions of public satisfaction had been quenched by officials of a reactionary type. I found the influence of the 10,000 Chinese students who during the summer of 1906 filled the seminaries of Japan already an appreciable force, and one which was being cast into the scale in favour of revolutionary change. No more striking example of the new-born enthusiasm among the Chinese for the science and learning of Western nations is to be found than that presented by the modern college of Ch'êngtu, situated as it is some 1800 miles from the coast;<sup>1</sup> and no more remarkable proof of the adoption by the people of a new mode of life than the inaugural celebration of inter-college athletic sports witnessed by me at the inland town of Sui Fu.<sup>2</sup> Mention has also been made of public meetings at which speeches of a political character have been delivered even in the most obscure and most inaccessible districts of the interior.<sup>3</sup> These are the straws which show which way the

<sup>1</sup> See vol. i. p. 146.

<sup>2</sup> See vol. i. p. 162.

<sup>3</sup> See vol. i. p. 176.

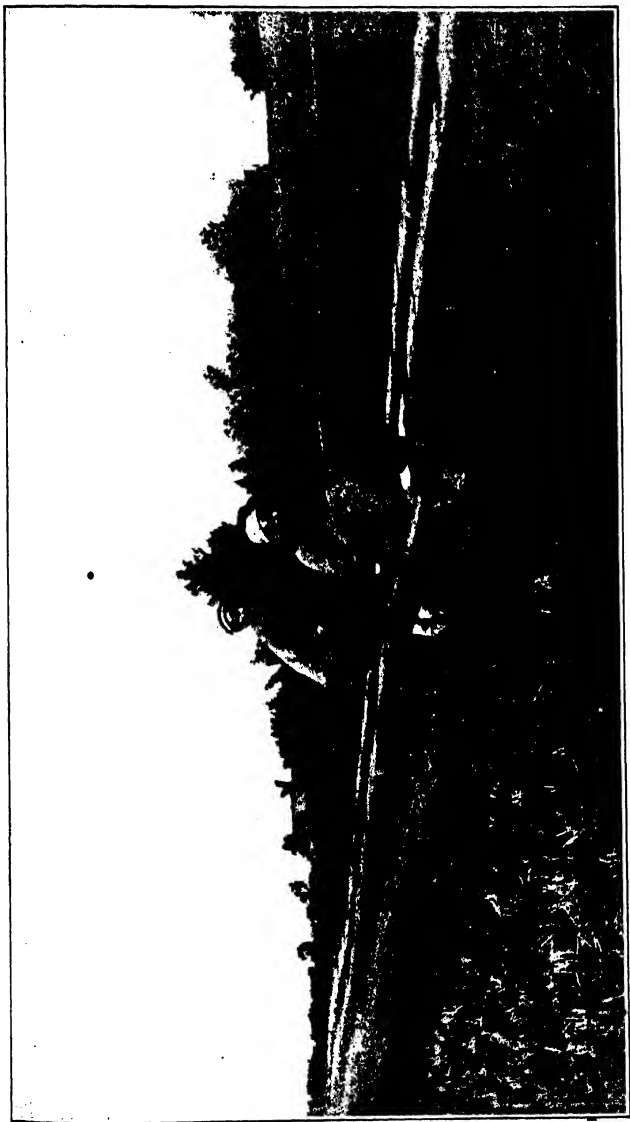
wind is blowing, and which, taken together, point to this conclusion, that the hope expressed to me in conversation by Yuan Shikai, unquestionably the greatest man in China at the present time, that China would ere long take her rightful place among the nations of the world, is becoming a conviction among people of all classes and in all parts of the empire.

The present attitude of China towards Europe is the natural corollary of this new-found creed. European concessionaires, capital, and control are incompatible with the doctrine of China for the Chinese, and the Manchu Camarilla of reaction being in accord on this one point at least with the Chinese party of reform, oppose a stolid *non possumus* to all advances made on behalf of the introduction of the capital and enterprise of the West. That this tendency to meet the demands of the foreigner with a direct negative should increase with success is only to be expected. The demand of Italy for a port in Chekiang was refused, and no retribution followed. Later a request by Great Britain that the Customs duties levied

at Niu-chwang should be suspended, pending the settlement of the Customs question at Dalni and Harbin, was met with a blank refusal. The appointment of Te Liang and Tong Shao-yi as directors of Customs, though an undoubted violation of agreements with Great Britain in spirit, if not actually in letter, was successfully carried through; a boycott of American goods was successful in eliciting all sorts of professions from the President of the United States; and the same weapon is being wielded against Japan at the present time. These are some of the varied expressions of China's present humour throughout the empire generally. In Western China, with which I am more especially concerned, this mood finds expression chiefly in opposition to the introduction of foreign capital and enterprise, more especially as regards the development of the mineral wealth of the country and the improvement of its communications with the outside world—the two *desiderata* necessary to realise the dreams of those who have long seen in Ssüch'uan all the constituents of a prodigious commercial market. If we accept the belief largely held by those interested in

the development of Eastern markets, that it is 'in this direction that England has more to hope for, more indeed to expect, than she has in any other part of the world,'<sup>1</sup> and admit the conclusion of the Blackburn Commercial Mission, that in Ssüch'uan is to be found "the market of all others it should be our endeavour to gain," the question of the introduction of modern methods of communication is obviously one to which we should attach a paramount importance; yet after travelling close upon 2000 miles in the territory concerned, I am fain to confess that existing means of communication are inferior to those of mediæval Europe, and to accept it as a postulate of travel that, as all despatch carriers proceed on foot, walking is the fastest mode of progression. If we except the limited area of level land provided by the Ch'êngtu plain, where semi-comatose Chinese may be seen being trundled along in inconceivably uncomfortable wheelbarrows for a modest fare of two *cash* a *li*, or roughly two-thirds of a farthing a mile, wheeled transport may be said to be unknown, and indeed on

<sup>1</sup> Colonel Sir Thomas Holdich, K.C.M.G., K.C.I.E., C.B.



*A common method of locomotion in China.*



[REDACTED]

and narrow, paved roads which cover the country, and which in mountainous districts tend to become little else than a succession of stone staircases, to be a matter of physical impossibility. The man of means and position travels at his ease in a sedan-chair, his less fortunate brother with pony or mule, while the bulk of the population performs such journeys as may be necessary upon foot. Merchandise where water transport is not available is carried laboriously over hill and dale on the backs of ponies or men at a vast expenditure of time, and at rates varying from 2d. to 8d. per ten mile.

What, then, may be expected from the new spirit of the day in a matter calling so urgently for reform? The action of the officials provides an example of what has already been urged, namely, that the main object in view is the riddance of importunity from without, while, as far at any rate as the bulk of the present generation of officials is concerned, genuine progress is a matter of secondary consideration. An Anglo-French combination have declared themselves ready to build the

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main lines most urgently required, but are met with the reply that the officials and gentry propose to construct them themselves. If this attitude be persisted in, the construction of railways in Western China is likely to be postponed to the Greek kalends. Some steps have been taken to give colour to the pretext that the people propose to build their own lines: Japanese engineers have been engaged in surveying the country with a view to discovering a suitable route for a railway from Hankow to Ch'êngtu, a railway office has been opened in the latter city, and funds have been solicited since January 1904. But, as I have already pointed out, private individuals are very loath to invest money in concerns run under official management and control, and any one hoping to see railways in Western China built and financed by the Chinese themselves is doomed to disappointment.<sup>1</sup>

In the adjoining province of Yün-nan the same tactics are being pursued. The practicability of a light line from Bhamo as far as T'eng Yüeh was established by the members

<sup>1</sup> See vol. i. pp. 149-152.

of the Yün-nan Company's Commission in 1899, and as the result of a detailed survey made in 1906 by an expert despatched from India, it was estimated that a light railway could be cheaply and expeditiously built with a fair prospect of covering expenses and paying a dividend of 2 per cent. With this information in hand proposals were made for the joint construction of a line by British and Chinese, and a suggestion put forward that an expert should again be sent from India to examine the country beyond T'eng Yüeh, with a view to ascertaining whether it would be possible to carry such a line on to Tali Fu at a future date. At this juncture the influence of the "China for the Chinese" party began to make itself felt. A Yün-nan-Ssüch'uan Railway Co. had been formed in the capital in 1905, and regulations drawn up under orders from the Wai-wu-pu on the basis of similar regulations governing the Ch'êngtu - Hankow Railway Co. The nature of this corporation may be gathered from a perusal of Rule I., which declares that "the Yün-nan-Ssüch'uan Railway Co. is an undertaking by the gentry and people of all

Yün-nan. As in the case of the Ch'êngtu-Hankow railway, no foreigner will be allowed to hold shares, nor shall foreign capital be borrowed." No sooner was it noised abroad that Great Britain was willing to co-operate with China in building a line from Bhamo to T'eng Yüeh than the "Yün-nan-Ssüch'uan Railway Co." added to their title and became thenceforth the "Yün-nan-Ssüch'uan and T'eng Yüeh Railway Co.," and announced that they themselves were competent to build a line from T'eng Yüeh to the Burmese frontier, where they would be willing to connect with the Burmese railways in accordance with Article XII. of the Anglo-Chinese Agreement of 1897. The Government of India, desirous of obtaining an expert opinion on the country beyond T'eng Yüeh before committing themselves to a definite railway policy beyond their borders, refrained from pressing the matter of construction further with the provincial Government, and persisted only in their request for permission for an engineering expert to carry on to Tali Fu the survey already successfully completed as far as T'eng Yüeh. A correspondence

between Burma and the Yün-kuei Viceroy, characterised by some acerbity, thereupon ensued, while the headstrong members of the student junta in the Yün-nanese capital exceeded the bounds of diplomatic courtesy by publishing what practically amounted to an incitement to the population to resist by force in the event of the request being granted. In the end a compromise was come to, ordinary traveller's passports being granted to the members of an engineering party, no mention being made therein of the object of their journey. Thus does China save her face.

It will be seen, then, that the effect of China's revolt against foreign tutelage upon the development of the western provinces is a retarding one. As far as railways are concerned, the only schemes likely to materialise in the near future are those which are financed with foreign capital and carried out by foreign engineers. The effect of the present temper of the people is to restrict these to concessions already irrevocably granted, and so we find that the only line of railway actually under construction throughout the 300,000 square

miles of Yün-nan and Ssüch'uan—a territory nearly four times the size of Great Britain—is the French line now building from Hanoi in Tongking to the capital of Yün-nan *via* the frontier town of Lao-kai. It is with the origin and progress of this line consequently that the following chapter deals.

## CHAPTER XX.

RAILWAY SCHEMES : A FRENCH RAILWAY  
TO YÜN-NAN FU.

By the year 1910 it is expected that the French line which already runs from Hanoi *via* Lao-kai on the Yün-nanese frontier to a point some seventy or eighty miles beyond, will reach the capital of the province. This, as has already been made clear in the previous chapter, is the only line in all Western China that is in a state of actual construction, and may be said to have been brought into being indirectly by French jealousy of an anticipated advance by Great Britain into Yün-nan from the side of Burma, and directly by the vast ambitions and imperious energy of M. Paul

Doumer, late Governor-General of French Indo-China.

In evidence of this, let me recall rapidly the various chapters in the British railway scheme which was the primary if innocent cause of this vast expenditure on the part of France. A survey for a railway from Mandalay to the Burmese frontier at Kung-long, carried out between 1892 and 1894, and the commencement of construction on the first section of such a line in 1895, excited the animosity of the forward party among French Colonial statesmen. "Our neighbours," wrote Prince Henri d'Orléans in the latter year, "who know full well that railways are the means of real colonisation, think to establish a line running from Mandalay to Xien-hong. It imports us to retort to this new movement of England with a similar one of our own; and to this end it is absolutely necessary for us also to have a railway penetrating China." Into the clause of the Anglo-Chinese Agreement of 1897 providing for the consideration of the construction of railways in Yün-nan in the event of trade conditions justifying this, and for such railways

being connected with the Burmese lines, was read a sinister design, speedily followed by a significant declaration by M. Doumer. "England," he declared to the *Conseil Supérieur* of the French colony in 1897, "with a determination which we on our side have not yet displayed, has set her face towards Yün-nan and Ssüch'uan, which seemed to be reserved for our commercial exploitation." M. Doumer, however, was not the man to be discouraged by trifles. "Nevertheless," he added, "if we only bestir ourselves, we are bound to win in this friendly rivalry. We find ourselves at an advantage, thanks to the facility for reaching Yün-nan which we derive from the valley of the Red river."

The fruit of this reflection was not long in ripening. Four months later, in April 1898, the Chinese Government granted to "the French Government, or to the company which the latter might designate, the right to make a railway from the frontier of Tongking to Yün-nan Fu, the Chinese Government having no other responsibility but to furnish land for the road and its dependencies." Nor were the



public left long in doubt as to the extent of the assistance which might be looked for from the Government of France. By a law of December 25th of the same year, the Governor-General of Indo-China was authorised to give a guarantee of interest to the company that might become the grantees of the line of railway from Lao-kai to Yün-nan Fu and its prolongations, the extent of the engagement being limited to 3,000,000 francs and its duration to seventy-five years, the payment of this sum by the Government of Indo-China being guaranteed in its turn by the Government of the French Republic.

With characteristic impetuosity M. Doumer set to work. Government surveyors were despatched during 1899 to examine the country, and the Governor-General himself paid a meteoric visit to Yün-nan Fu, covering the nine days' journey from Mêng-tzŭ to the capital in rather less than half that time, and finally, after a breathless forty-eight hours of interviews and calls, during which he succeeded in arousing the provincial mandarinates from their habitual state of polite and dignified delibera-

tion to a frenzy of bewildered and indignant perturbation, departing on a reckless return journey to further exploits of activity within the borders of his own dominions. An unwelcome halt was called in the proceedings by the outbreak of 1900, but in 1901 the tireless Governor-General returned to the charge, and the summer of that year saw him in France engaged in negotiations with the banking houses of Paris.

The outcome of these negotiations was an agreement signed on June 15th, the gist of which was as follows: The syndicate thereby formed to construct at their own risk and expense the line from the French frontier at Lao-kai to Yün-nan Fu, and to receive from the Government of Indo-China, fully constructed and in a condition to be worked, the 239 miles of railway from Haiphong on the French seaboard to Lao-kai. The working of the whole line to be granted to the syndicate for a term of seventy-five years, the profits being shared between the company and the Government of Indo-China. For the purpose of constructing and working the line a capital

sum of £4,040,000 was subscribed as follows: scrip of the company, £500,000; subvention from the Government of Indo-China, £500,000; guaranteed bonds within the limit of an annual payment of £120,000, £3,040,000. The terms of this agreement were ratified by a law of July 5th, 1901. The task of construction was entrusted to a company already experienced in the matter of Asiatic railway building in the fertile field for railway concessions provided by Asiatic Turkey, and with the arrival of their engineers upon the scene of action the first check arose. It appeared that the route which in his zeal M. Doumer had caused to be surveyed by his own officials in 1899 was far from being the best, and the claims of an alternative line *viâ* the Nam-ti valley to the east were strongly supported by the company. The decision was left with the Governor-General. The proposed alignment, though undoubtedly superior from an engineering point of view, passed through a less populous and less fertile country, and it was only after much discussion and careful consideration, and not until Jan-

uary 1904, that the company's project as a whole was definitely accepted.

In the meanwhile the French representative at Peking had not been idle. In October 1903 an instrument of thirty-four articles was drawn up and signed, laying down the conditions under which the work of construction should proceed. The document is of interest as showing the growing apprehension on the part of China of French aggression. Thus, under article 15 it was agreed that a police force of Chinese might be enrolled to operate along the line and among the workmen, but under no circumstances might *European troops* be employed. And again, under articles 23 and 26, that Chinese troops and their supplies should be carried at half rates and mails and official despatches free; but salt, contraband goods, and *European troops* should not be carried along the line at all. It was also agreed that machinery and all material necessary for the construction of the line should enter the country duty free, that branch lines might be built after agreement made locally and at

Peking, and that the restoration of the line might be claimed by China after eighty years on payment of the loss, if any, incurred by the concessionary company.

All preliminary arrangements being thus completed, the work of construction was at last actually begun, some six years after M. Doumer's speech to the *Conseil Supérieur* already quoted. With the commencement of actual operations began also the physical difficulties which had to be overcome. The country, though presenting but a fraction of the physical obstacles that lie in the path of the would-be railway builder from Burma, is by no means easy; moreover, a serious difficulty soon presented itself in the extremely malarious character of the Nam-ti valley. With the turning of the soil is stirred up a peculiarly virulent miasma, which scatters death broadcast among those who dare to intrude upon its primeval solitudes. It is said that from Lao-kai itself no less than 460 of a garrison maintained at its full strength of 450 have been sent away sick or dying in the course of a single year, while it was stated by

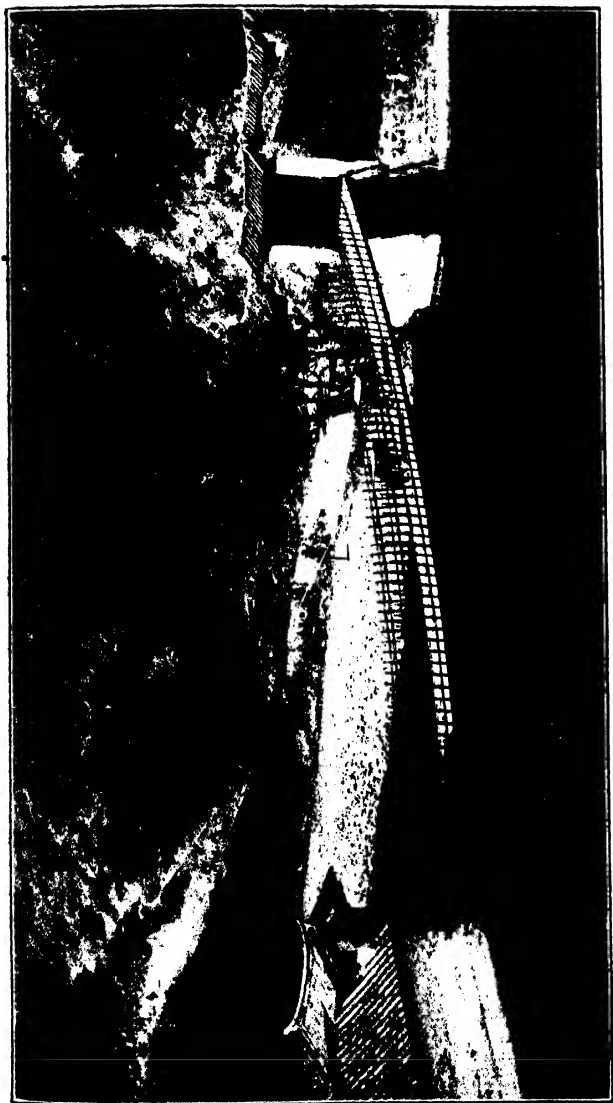
the Commissioner of Customs at Mêng-tzū in 1905 that "the death-rate among the coolies imported from various parts of the empire and put to work in this dreaded valley may, without exaggeration, be estimated at 5000, or 70 per cent of the total number employed on that particular section of the line."

The company being liable under the regulations of 1893 to provide compensation or medical aid in cases of sickness or accident, a large increase in hospital accommodation and medical staff had early to be supplied. Under such conditions the cost of construction inevitably increased as the work went on, more especially as the price of labour displayed a steady and disconcerting tendency to rise. With 1000 Europeans and 46,000 Chinese employed during the winter of 1906-7, it was found that the original estimate of expenditure fell considerably below the mark, and a demand for an additional 60,000,000 francs has recently been made. Early in January 1907 a commission representing the different parties concerned were at Yün-nan Fu on a mission of inquiry into the merits

of the case, though little doubt can be entertained as to sanction being granted for the raising of the additional sum required. It will be seen, then, that apart from the cost of construction of the line from Haiphong to Lao-kai, and of M. Doumer's somewhat hasty and premature surveys in 1899, the cost of the 291 miles of railway in Chinese territory will amount by the time of its completion to approximately £6,500,000.

This, then, is the present extent of the liability with which M. Doumer has saddled his country, in order to counteract the influence of the railway which it was supposed Great Britain intended pushing forward from Mandalay. Let us stop for a moment to see how far French fears of British enterprise were justified.

As a result of the surveys already referred to as being carried out in the country east of Mandalay in the years 1892-94, the first section of a railway leaving the main line at Myohaung, a few miles south of Mandalay, was begun in 1895, and opened as far as Sedaw on January



*A bridge in Western Yün-nan.*





**INDO-BURMA RAILWAY.** 45

By April 1st, 1890, it was completed as far as Maymyo, the summer capital of Burma, and by March 1st, 1903, Lashio was reached. Here the line rests, and is likely to rest for many a year to come, since, as Lord Curzon pointed out in a speech at Rangoon on December 10th, 1901, there is no valid reason why "we should carry on our present railway at the extra cost of considerably over half a million sterling to the Kung-long Ferry, across which the entire Sino-Burmese trade is successfully transported in two dug-outs, and amounts to less than 100 tons a-year." The railway is, of course, a mountain line, 177 miles in length, with a ruling gradient of 1 in 25 and a maximum curve having a radius of 337 feet. It cost up to March 1904 Rs. 2,29,50,545, and does not

<sup>1</sup> The country was first examined in 1880, and reconnaissance and surveys continued during each cold weather up to the spring of 1884, when the Indian Government dispersed their staff, having given up the idea of the construction of the line for the present. No sooner had they done so, however, than an order was received from Downing Street for the immediate commencement of the line.

yet pay its own way, though freight on it averages 12 *pies* a ton-mile, or double the charges on other Burmese lines. It spans the famous Gokteik gorge by a bridge 2250 feet in length resting upon thirty-two piers of iron work, contracted for by the Pennsylvania Steel Company for £66,000—a sum less by £52,000 than the lowest British tender.

It must be admitted, then, that the British scheme has not, even at the present day, justified in the remotest degree the fears of the directors of France's Eastern policy. And if there is no sign of a forward policy in the scheme as it stands to-day, there is certainly little enough warrant for any assumption that Great Britain was proposing to embark upon a policy of penetration by railway, as far as China was concerned, in the utterances of her responsible statesmen. For while the utmost importance was attached by French statesmen to British schemes, these same schemes afforded matter for academical discussion at the hands of one Indian Viceroy, and evoked a flood of satirical denunciation from another. In December 1898 Lord Elgin travelled over the

Burmese railway system as far as it could take him, in the direction of what he conceived must be at least "two ultimate objects of its ambition—namely, connecting links with Assam on the one side and China on the other"; and having done so, he expressed the opinion that neither of these hopes was likely to see realisation in the near future, and that a good deal of this work lay "outside the special sphere of the Government of India." Whatever small hopes of Government help may have been entertained by private individuals after this declaration must have been rudely shattered by Lord Curzon's uncompromising utterance three years later. "In my belief," he declared, "there has been a greater lack both of exact knowledge and of perspective in the treatment of this matter, and a looser rein given to the imagination, than in almost any subject of contemporaneous politics." The building of a railway across Yün-nan to the Yang-tsze would be, "if not a physical impossibility, at any rate so costly an undertaking that neither the Home Government, nor the Indian Government, nor any

company or syndicate, could conceivably undertake it. The idea that if it were built the wealth of Ssüch'uan would stream down a single metre-gauge line, many miles of which would have to scale the mountains by a rack, to Rangoon, while great arterial rivers flow through the heart of the province of Ssüch'uan itself, which are quite competent to convey its trade to and from the sea, is one, as it seems to me in the present stage of Central Asian evolution, almost of mid-summer madness." It is probable that it began to dawn upon the less impulsive among French statesmen about this time that an unnecessary importance had been attached to the British menace, while those primarily responsible for the drain upon the French exchequer entailed by the construction of the Lao-kai-Yün-nan Fu railway sought solace in the reflection, put into words by M. Doumer, that "it had had as its consequences the effect of bringing the Government of India to renounce the scheme which it had for long entertained of penetrating into Yün-nan from Burma."

Yet the case put by Lord Curzon was a

perfectly reasonable deduction from geographical knowledge recently acquired. Space forbids anything more than the briefest reference to the labours of the Yün-nan Company's Commission, despatched by the enterprise of a private company to examine the country with a view to railway construction in 1899 and 1900. A possible though difficult line of, roughly, 1000 miles from the Burmese frontier at the Kung-long Ferry to Na-ch'i on the Yang-tsze was found. The section to Yün-nan Fu, 485 miles in length, would contain upwards of 16,000 feet of rise and fall, would require a ruling gradient of 6 per cent, and curves varying from an ordinary working curve of  $16^{\circ}$  up to  $20^{\circ}$  and in a few cases  $24^{\circ}$ . The disadvantages of heavy-grade sections, entailing the use of special engines, are sufficiently great in lines of moderate length, and would be infinitely greater in a long single line like that proposed. A rack section, similar to those suggested for the Burmo-Chinese line, may be seen in working on the Shin-yetsu railway in Japan. Here a rise of rather more than 1800 feet between the stations of Yoko-

gawa and Karuizawa is negotiated in a distance a little short of seven miles. The gradient employed is 1 in 15, the speed attained is seven miles an hour, and the weight which can be hauled up by a combination of specially constructed engines, which have to be changed at each end of the section, is 135 tons. The fact that this line was built against the recommendation of a European adviser, that traffic is frequently seriously blocked, and that an alternative line to relieve congestion is now in process of construction, gives some idea of the inconvenience which would be not unlikely to ensue with the adoption of such a system on many miles of a single-line mountain railway 1000 miles in length.

When it is considered that the line under review would on the whole be more difficult even per mile than the Rocky Mountain section of the Canadian Pacific Railway; that it would consist of 1000 miles of mountain railway against the 575 miles of mountain track in the case of the Canadian line; that the country through which it would pass is sparsely populated, and has under present conditions little

to export; that the bulk of the exports and nearly half of the imports of its ultimate goal—the province of Ssüch'uan—are from and to the eastern provinces of China; and, finally, that even if they were not, freights on such a line could hardly hope to compete favourably even with the existing heavy charges by the Yang-tsze,—it becomes apparent to the impartial observer that the attitude of the Government of India in 1901 was determined by more substantial and practical reasons than any provided by the rival enterprise of France.

Great Britain can, indeed, afford to look with equanimity upon the progress of a railway, built at some one else's expense, from the coast to Yün-nan Fu. The tax which her goods pay—i.e., one-fifth of the general tariff of Indo-China for the privilege of passing through that country—has had little effect, seemingly, upon her trade, since nearly 70 per cent of the trade passing along this route to and from Yün-nan is still with Hong Kong. Thus in 1906 the trade coming under the purview of the Imperial Chinese Customs at Mêng-tzü amounted to 10,824,864 *Hk. Tls.*, of which Hong Kong



claimed 7,520,016 *Hk. Tls.* and Indo-China only 3,304,848 *Hk. Tls.* And if we take the whole of the trade of Yün-nan, with its two neighbours Burma and Tongking, which comes under the purview of the Imperial Chinese Customs at the three treaty marts of the province—Mêng-tzŭ, T'eng Yüeh, Ssümao—we find that in 1906 73 per cent of the total, valued at £2,040,000, was with British possessions and only 27 per cent with those of France.<sup>1</sup> It is worthy of note, however, that the importation into Yün-nan of cotton yarn from the mills of Tongking shows a slight but perceptible increase, the percentage of the total supplied by India having fallen from 92·6 per cent in 1905 to 90·9 per cent in 1906, and that supplied by Tongking having risen from 6·9 per cent to 7·8 per cent; while Japan also showed improvement, supplying 1·3 per cent of the total in 1906, as against ·5 per cent in 1905. The importance to Tongking of fostering this young industry is urged by a writer in the 'Courrier d'Haiphong' of October 23rd, 1906,

<sup>1</sup> See Consular Report of the Trade of Mêng-tzŭ for 1906 (Cd. 3727—15).

who advocates the cultivation of cotton in Annam and Laos; and the opinion is expressed by the Commissioner of Customs at Mêng-tzū that "when the Tongking mills have developed their power of production, and can turn out yarn in sufficient quantity to undersell that of other and more distant mills, the Yün-nan market will be entirely monopolised by them." For India, who during the past five years has sent an average quantity of 98,599 cwt. of yarn into Yün-nan by this route, this prospect has its serious aspect.

For this reason, and because for political reasons some action may be advisable with a view to maintaining the balance of power in a province marching for some hundreds of miles with British Burma, I propose to deal in the following chapter with the possible avenues of ingress open to Great Britain from the side of Burma.

## CHAPTER XXI.

RAILWAY SCHEMES (*continued*):

## BRITISH PROJECTS.

I HAVE sometimes heard it said that the line of country to be followed by Great Britain with a view to opening up a direct trade-route with Western China, is across a comparatively narrow strip of country between Sadiya, in Assam, and Bathang, on the confines of China and Tibet; and the Indian Government were on the point of sending a small expedition to examine this unknown strip of country in 1905, when the rising in the neighbourhood of Bathang referred to in chapter viii. took place and rendered the proposed expedition inadvisable.

The suggestion is by no means a novel one. Mr T. T. Cooper, who was at Bathang in 1868 in

search of through means of communication between India and China, heard from a Chinese tea-trader "of the existence of a trade-route from Bathang to Rooemah, a town in the Tibetan province of Zy-yul, situated near the borders of Assam, twenty days' journey distant."<sup>1</sup> Tibetan exclusiveness, however, has to this day prevailed against the exploration of "the small and peculiar region immediately east of Assam that separates India from China."<sup>2</sup> Cooper in 1868, Davies in 1900, Hosie in 1904, all met with a determination on the part of Tibetans and Chinese alike to prevent their crossing the frontier, and the reason given by Cooper for this exclusiveness is probably in the main correct. "Nothing," he says, "is more contrary to the policy of the Chinese Government and the Lamas than the introduction of Assam tea. The Chinese, on their part, dread the loss of their valuable wholesale monopoly, to retain which they give the Lamas the monopoly of

<sup>1</sup> 'Travels of a Pioneer of Commerce in Pigtail and Petticoats,' p. 247.

<sup>2</sup> S. E. Peal—'Journal of the Asiatic Society of Bengal,' vol. 48, part ii., 1879.

the retail supply; who by this means hold in absolute subjection the people, to whom tea is a prime necessary of life. The Lamas, on their part, fear that with the introduction of British trade the teachers of the new religion would come, and free trade and free thought combined would overthrow their spiritual sway."<sup>1</sup>

There is, however, a far graver objection to this route as a highway of commerce than any presented by the jealous attitude of Tibet, as was pointed out by Mr S. E. Peal thirty years ago. "Undoubtedly towards the north and north-east (of Assam)," he wrote in 1879, "the difficulties of finding an outlet at any reasonable elevation are demonstrated. In most cases the routes must cross at least 10,000 feet or more, besides being proverbially difficult."<sup>2</sup> And he points out that Assam has never to our knowledge been entered by any large force from the north-east or due east, the only invasions, excepting those up the valley from the west,

<sup>1</sup> 'Travels of a Pioneer of Commerce in Pigtail and Petticoats.'

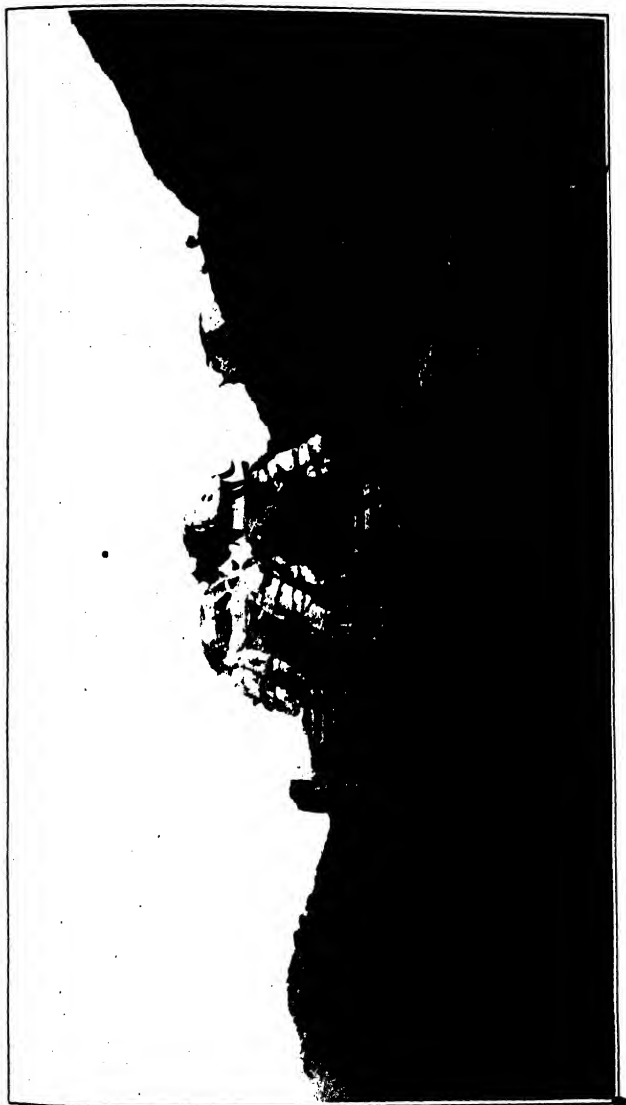
<sup>2</sup> 'Journal of the Asiatic Society of Bengal,' vol. 48, part ii., 1879.

having come from the south across the Patkai range.

For my own part, I cannot conceive of any route less likely to benefit British trade. If Bathang were on the borders of the commercially valuable portions of Ssüch'uan, such a route would indeed speedily become the highway into the province; but it is nothing of the sort. It is, in fact, eighteen days distant from the true Chinese border at Ta-chien-lu. Moreover, as Colborne Baber has pointed out, "when the Chinese border is reached at Ta-chien-lu, the nearest city of any importance—namely, Ya-chou—is still seven or eight days distant, and has water communication with the sea." Even so, were the country between Bathang and Ta-chien-lu of a comparatively level nature, a railway would overcome these objections; but far from the country being even comparatively level, it is a perfect labyrinth of stupendous mountains. The existing track over it is described by Sir Alexander Hosie, who speaks of it as "a road barred by numerous mountain-ranges, whose lofty passes inspire terror in the breasts of the superstitious

wayfarers"; and he mentions no less than ~~ten~~ passes of over 13,000 feet in height, including four of over 15,000 feet, the highest being 16,486 feet. In the spring of 1900 Captain Ryder travelled to Ta-chien-lu from the town of Yerkalo, some distance south of Bathang. "The first part of our journey," he says, "took us about a month, and a very rough time we had. Each pass we crossed cost us the lives of some of our mules, . . . and we were all fairly worn out when we reached Ta-chien-lu." I have said enough, perhaps, to make the objections to a route in this direction tolerably obvious.

All routes east from Assam must suffer from the same disadvantages as the suggested Sadiya-Bathang route—namely, the size and character of the mountain-ranges which lie between her and the wealthy districts of Western China, the eastern portions of Ssüch'uan. Turning south, however, the possibility of a line of communication over the Patkai range into the Hkamti country and on to Tali Fu has been suggested by some. I have doubts as to the advantage of this route, since there never



*Present methods of transport in Western China.*





appears to have been a through trade-route in this direction of, at any rate, anything like the importance of the Bhamo-Tali Fu route; and, moreover, even if there is no insuperable difficulty in crossing the Patkai range and reaching the Hkamti country, the ranges hedging in the valleys of the Salwin and Mekong rivers still lie athwart the road to Tali Fu.

Prince Henri d'Orléans, who travelled from Atëntzü to Sadiya in 1895, was not impressed with the character of the route. "What we were traversing," he wrote, "is the high road from China to India—the subject of so many English dreams, and the ideal line of Captain Blakiston. For the present, I rather imagine it has small chance of becoming an artery of commerce."<sup>1</sup> More recently the journey from Tali Fu to Sadiya has been made by a route somewhat south of that taken by Prince Henri d'Orléans, by Mr E. C. Young. He speaks of the Hkamti district as "fertile and populous," and says that "the physical characteristics of the country render it suitable for the con-

<sup>1</sup> 'From Tongking to India.'

struction of lines of communication, such as railways";<sup>1</sup> and a little further on in the same paper he declares that "west of Kumki (situated on the upper waters of the Dihing river) the configuration of the country is not exceptionally difficult, and I believe it would be quite feasible to construct a railway up to the Dihing valley to a point near Kumki, and then through the Patkai hills and down the valley of the Sinan Hka." This would give a railway route from Assam into the Hkamti country; but looking east beyond that country the Salwin and the Mekong ranges still loom large and forbidding across the road to Tali Fu; and Mr Young himself gives a graphic description of the difficulty of the Salwin valley. "The bed of the river," he says, "lies at an extremely low level relatively to the surrounding country, and I found that at a point a few miles north of Lu-kou it was only about 3000 feet. The mountains on either side rise to heights varying from 10,000 to perhaps 15,000 feet, and their slopes are ex-

<sup>1</sup> 'Journal of the Royal Geographical Society,' August 1907.

traordinarily steep and precipitous.”<sup>1</sup> Taking everything into consideration, I do not think that much store need be set by proposals for the construction of railways into China from Assam.

Turning south to Burma, we find a variety of suggestions which have been made from time to time for the penetration of Western China. Mention need only be made of a scheme put forward by Mr A. R. Colquhoun in the early eighties, in that he proposed to ignore all existing lines in Burma itself, and their probable extensions, and starting from Maulmein, at the mouth of the Salwin river, to carry his railway north-east through the Shan country *via* Zimmé, and on to the frontier of China in the neighbourhood of Kiang Hung. The arguments which could be adduced in favour of such a line were greater in 1883 than they are at the present day. In 1883 the railway from Rangoon to Prome was the only line completed, the Sittang valley railway from Ran-

<sup>1</sup> ‘Journal of the Royal Geographical Society,’ August 1907.

goon to Toungoo not being opened till 1884. Upper Burma was an independent kingdom, and it was not until 1889 that the Burma railway reached Mandalay, and not until 1895 that the northern extension of the line from Mandalay—namely, the Mu Valley State Railway—was opened to Katha, the nearest point on the existing railway system to Bhamo. Moreover, Mr Colquhoun refused to consider the possibility of a railway from Bhamo in the direction of Tali Fu. Such a scheme, he thought, would never be carried out except “in the brain of an unpractical theorist,” nor could he imagine any engineer “wasting a thought upon such an idle dream.”<sup>1</sup> Like many other writers on the matter, he thought that Colborne Baber “had effectually disposed of this question in his most charming and luminous report of his journey when he was attached to the Grosvenor Mission.”<sup>2</sup>

But even in 1883 Mr Colquhoun's proposals lay open to some obvious criticisms. If we accept the proposition that Tali Fu should be the objective of any railway from Burma

<sup>1</sup> ‘Across Chryse,’ vol. ii. p. 232.

<sup>2</sup> Ibid., p. 228.

into Western China—and this will hardly be disputed—the immense length of the proposed line is an obvious disadvantage. Taking Mr Colquhoun's figures, we find that a line of between 600 and 700 miles has first to be constructed through the Shan country before the Chinese frontier is reached. And having reached the Chinese frontier in the neighbourhood of Kiang Hung, there is still the whole of the mountainous area of south-western Yün-nan to be negotiated, an area which would probably necessitate the construction of a mountain railway of considerably *greater length than the 295 miles which Mr Colquhoun gives as the distance between Bhamo and Tali Fu.* Mr Colquhoun's whole scheme was, in fact, governed by a supposed *axiôm* which, in the light of later knowledge, turns out to be no axiom at all—namely, that “any railway passing from west to east north of latitude  $17^{\circ} 50'$  is impracticable.”<sup>1</sup>

With the Kung-long Ferry scheme I have already dealt, and there remains only the Bhamo - T'eng Yüeh - Tali Fu route. Those

<sup>1</sup> ‘Across Chryse,’ vol. ii. p. 237.

who have followed me in my excursion on railway construction in chapter xv. will be prepared for the statement that it is, after all, along this time-worn trade route that expert opinion has decided that any railway from Burma into Western China should be carried.<sup>1</sup> As far as T'eng Yüeh, construction would be comparatively easy, and the cost not excessive; but between T'eng Yüeh and Tali Fu the difficulties of construction, though not by any means insuperable, as declared by Colborne Baber and Colquhoun, are admittedly considerable, and the cost great. The 295 miles given by Colquhoun as the distance between Bhamo and Tali Fu would expand to little short of 400 of railway track, and the cost of the enterprise would probably reach

<sup>1</sup> As an example of the difficulty of outrooting a popular belief, I quote the following from the most recent publication on railway construction in China—namely, Mr P. H. Kent's 'Railway Enterprise in China,' published in the autumn of 1907: "The physical difficulties of the Bhamo route, however, are said, for practical purposes, to be insurmountable, and after a series of unfavourable reports it has now been abandoned in favour of entering China by Kung-lung Ferry." Mr Kent then proceeds to re-quote the oft-quoted words of Baber.

£5,000,000. But the important point is that we now know that the construction of a metre-gauge, steam-traction line of railway from Bhamo to Tali Fu is no longer a figment of the "brain of an unpractical theorist," but a matter of practical possibility.<sup>1</sup>

Possessed of this knowledge, we have to

<sup>1</sup>It is interesting to note that the ruling gradient on a metre-gauge line from Bhamo to Tali Fu, described by so many writers as impracticable, would be 4 per cent, as compared with a ruling gradient of 6 per cent on the Kung-long Ferry line, which has been so often described as the only possible route for a railway from Burma into China. The following figures may be confidently accepted as an accurate estimate of the character and cost of a metre-gauge steam-traction line from Bhamo to Tali Fu:—

Section I. Bhamo-T'eng Yüeh—

Distance . . . .	122 miles.
Ruling gradient . .	2·5 per cent (1 in 40).
Limiting curvature .	25 per cent (radius of 229 ft.)
Cost . . . . .	£1,100,000.

Section II. T'eng Yüeh-Tali Fu—

Distance . . . .	262 miles.
Ruling gradient . .	4 per cent (1 in 25).
Limiting curvature .	25 per cent (radius of 229 ft.)
Cost . . . . .	£3,710,000.

Total, Bhamo-Tali Fu—

Distance . . . .	384 miles.
Ruling gradient . .	4 per cent (1 in 25).
Limiting curvature .	25 per cent (radius of 229 ft.)
Cost . . . . .	£4,810,000.



ask ourselves two questions: first, is it desirable that such a line should be built; and, second, if it is desirable, how is its construction to be brought about. I propose to examine these two questions in the order named.

There are three main grounds on which the construction of railways may be considered desirable—commercial, political, and strategic. In this particular case the arguments in favour of construction may be said to be partly political and partly commercial. The arguments based upon political considerations are these: Yün-nan is a part of the Chinese empire which marches for hundreds of miles with the possessions of Great Britain, and also of France. The interests of Great Britain lie chiefly in the west of the province, and those of France in the east. Tali Fu is the centre of influence of western Yün-nan, and Yün-nan Fu of the eastern portion of the province. France will shortly be in command of a railway from her possessions in Indo-China to Yün-nan Fu, and will acquire the influence and prestige which such an asset

must inevitably give her. She has an agreement with China which practically gives her the refusal of construction of branch lines when her railway has reached Yün-nan Fu. The easiest and probably most advantageous branch line which she could build would be a line from Yün-nan Fu to Tali Fu. This would mean the acquisition by France of a position of paramount importance throughout Yün-nan and up almost to the British frontier. In view of the growing importance of China as a Power in Asia, such a situation could hardly be acquiesced in by Great Britain. The first argument, therefore, in favour of a policy of construction may be said to be that which is based upon the necessity of maintaining the balance of power. No possible objection could be raised by France, first, because Tali Fu is obviously in the British sphere of interest as opposed to the French sphere; and secondly, because, by agreement, France is pledged to assist Great Britain in the acquisition of any concessions in Yün-nan equivalent to concessions possessed by herself.<sup>1</sup>

<sup>1</sup> See chapter xviii., vol. i. p. 314.

A second argument, based upon political considerations, is the increased control which a railway would give Great Britain over a not too well-ordered frontier—not alone practical control but moral control also. The outward and visible signs of influence and power are still the most potent weapons by which the governing races of the West maintain their position among the peoples of the East. The force of this argument, in a wider application than to the border tribes alone, must also be borne in mind.

A consideration of the commercial side of the question has elicited extreme views in both directions. Those whose imagination has been fired by the conception of a great through railway system from British Burma into the heart of China, have been apt to minimise the difficulties attendant upon such a scheme, and to vastly overrate the wealth of the territory which it would tap. On the other hand, those who have opposed a forward policy have perhaps taken an unduly pessimistic view of the future possibilities of Yün-nan. Mr John Nisbet, with an experience

of Burma extending over a period of nearly a quarter of a century, has written despondingly of the prospects of railway construction into Yün-nan. "It is maintained," he writes, "that it will be enormously expensive to build and to work, that it will not give adequate returns, and that in any case extensions and ramifications of the railway net throughout Burma are preferable — *unless commercial principles are to be subordinated to political and strategic considerations.* To be profitable, or even possible, trade must be reciprocal; and there seem to be no products in Yün-nan which can be utilised in exchange for goods of British manufacture to a sufficient extent to make the railway in question remunerative."<sup>1</sup> This is, no doubt, to a great extent true, though I believe that with the advent of a railway trade would be enormously stimulated. Experience shows us that trade will spring up round a railway even on the most unpromising soil, and there are parts of Yün-nan which are very far from deserving

<sup>1</sup> 'Journal of the Society of Arts,' January 27th, 1899. The italics are mine.

such a description. The cotton trade between India and Yün-nan is, as I have already pointed out, a considerable one, and if this trade is to be maintained and increased in face of the growing competition of Tongking, the advantage given to the Tongking producer by the Lao-kai-Yün-nan Fu railway must be met.

It will have been gathered from what has been said in previous chapters, that I have no great belief in the possibility of attracting the trade of more distant regions, such as the province of Ssüch'uan, to a Burmo-Chinese railway. A line from Hankow to Ch'êngtu would be less than half the length of a line from Rangoon to Sui Fu, and would possess advantages over the latter which I need not recapitulate here. It should not be forgotten, however, that there are promising districts in northern Yün-nan itself which might easily be reached by extensions of railway from Tali Fu; and it is asserted by a much-travelled missionary, M. E. Amundsen, whom I had the pleasure of meeting in Yün-nan Fu, that "it would be a com-



*A busy centre in Western Yün-nan.*



paratively easy task to build a line from Hsia-kuan to Ning-yuan Fu (in southern Ssüch'uan), following the Yang-tsze and Ya Lung rivers all along, after cutting over comparatively level country from Hsia-kuan to the Yang-tsze basin. This is the populous region of Yün-nan, and the line would be able to tap the great woodlands of Cha-lag and Mi-li, through which the Ya-lung and Nag-chu flow." <sup>1</sup>

My answer, then, to the question as to whether it is desirable to construct a railway from Burma into Yün-nan is that it is. And while I am of opinion that the construction of a line from Bhamo as far as T'eng Yüeh can be justified on commercial grounds alone, I consider that the further extension of such a line across the very difficult country between T'eng Yüeh and Tali Fu can not; but that in view of the political necessities of the case, in conjunction with commercial requirements, its

<sup>1</sup> This possibility was not overlooked by the Yün-nan Company's Commission in 1899-1900, though no very detailed reconnaissance was made.



prolongation as far as Tali Fu can be justified, and is, indeed, called for.

There remains the not unimportant question as to how its construction is to be brought about. I am assuming that the capital required could be found,—a not unjustifiable assumption in light of the more recent attitude of the Government of India towards the scheme,—and am addressing myself to the political difficulties in the way. There is no doubt whatsoever that prior to 1900 a concession could have been obtained from the Chinese Government, and in point of fact, as late as 1902 the British Minister in Peking did extract from Prince Ching the admission that Great Britain was entitled to equal privileges with France at the hands of China, so far as the province of Yün-nan was concerned. A perusal of chapter xix., however, should have made it tolerably clear that the day of concessions is past, and that the Chinese Government, in its present mood, is not likely to attach much importance to any admission extracted from Prince Ching in 1902. Nothing short of force will induce

China to grant concessions to foreign Governments at the present time, and no one knows better than China that the last argument which the British Government is likely to adduce is the argument of force. The extreme improbability of railways in this part of the world being built by China alone has been made clear, and there is, I believe, only one way in which the construction of the Bhamo-Tali Fu railway can be brought about—if it can be brought about at all—within a reasonably near future, and that is by co-operation with China on generous terms. When in Peking, I had the opportunity of touching upon the general question of railway construction in China in conversation with Yuan Shikai. He frankly admitted China's inability to raise anything more than a fraction of the sums desirable for the purpose of railway building from within, but complained that foreign Powers demanded too high an interest for their loans, and, above all, too stringent a control. If foreign Powers were anxious to assist in the development of China, they must give their aid upon reasonable terms.

The suggestion that I would make, then, is this: that a syndicate, such as the British and Chinese Corporation, who have had experience in matters of this kind, should be approached by the British Government, and invited to undertake to negotiate with the Chinese Government for the construction of the line from the Burmese frontier to Tali Fu, the corporation being provided by the Indian Government with the surveys and other information now in their possession, and a guarantee that they themselves will construct the section of the line between Bhamo and the Burmese frontier.

During the past five years the British and Chinese Corporation have been instrumental in raising the capital necessary for the construction of various railways in China, such as the Shanghai-Nanking railway, the Canton-Kowloon railway, and the Hanchow-Ningpo and Tientsin-Pukow lines.<sup>1</sup> The general principle underlying the agreements in connection with the above railways is as

<sup>1</sup> The loan in this latter case has been floated in co-operation with Germany.

follows: the corporation have contracted to raise loans for the construction of the lines, and have demanded and received certain powers of control on behalf of the bondholders and certain remuneration for their services, in addition to a guarantee from the Chinese Government as to the payment of the capital and interest on the loan. In each successive agreement China has demanded and received more favourable terms. Thus in the case of the Shanghai-Nanking railway, the final agreement for which was signed in 1903, the corporation raised the loan and built and equipped the railway, the Chinese Railway Administration providing the land; whereas in the case of the Tientsin-Pukow agreement, signed in January 1908, the corporation practically confine their activities to raising the loan, the construction and control of the railway being in the hands of the Imperial Chinese Government, though they are bound to select and appoint fully qualified German and British chief engineers, acceptable to the contractors for the loan, for the work of construction, and

to appoint an engineer-in-chief, after completion of construction, who, during the period of the loan, shall be a European, though without reference to the contractors for the loan.

In the case of the Shanghai-Nanking and the Canton-Kowloon railways the loans are specially secured by a first mortgage upon all lands, materials, rolling stock, buildings, property, and premises, with the earnings and revenue of the railway; while in the case of the Tientsin-Pukow line there is no mortgage on the railway itself, but the loan is secured by a first charge upon certain provincial revenues. In all cases the loans have been provided for by the issue of Imperial Chinese Government 5 per cent sterling bonds.

I do not anticipate any objection on the part of the British and Chinese Corporation to undertaking a loan for a Bhamo-Tali Fu railway, provided that they are able to secure reasonable terms from the Chinese Government. What would constitute reasonable terms is, of course, a matter for the corpor-

ation to decide; but I have no reason to suppose that an agreement on the lines of the Canton-Kowloon agreement would not prove acceptable to them. In the case of this railway, the corporation agreed to contract for a loan of £1,500,000, of thirty years' duration, Imperial Chinese Government bonds, bearing interest at the rate of 5 per cent on their nominal value, being issued for the whole amount. The proceeds of the loan were restricted to the construction and equipment of the railway, and to paying interest on the loan during the course of construction; and the loan itself was secured by mortgage, in favour of the corporation, on the railway and its appurtenances, and on revenue of all descriptions derivable therefrom. It was agreed that a Chinese managing director should be appointed by the Viceroy of the province, and that a British engineer-in-chief and a British chief accountant should be associated with him. Europeans of experience and ability were to be engaged for all important technical appointments on the railway staff. The duties of the engineer-in-

chief were described as consisting in "the efficient and economical construction and maintenance of the railway, and the general supervision thereof in consultation with the managing director," and those of the chief accountant in organising and supervising an accounts department, and in certifying all receipts and payments. All the land required was to be acquired by the Viceroy at the actual cost of the land, and paid for out of the proceeds of the loan. The corporation were granted a fixed sum in commutation of all commissions to which they would be properly entitled in payment for their services, and it was further agreed that in the event of the Chinese Government deciding to raise a further loan for the purpose of constructing branch lines, the corporation should be given the first option for tendering for such a loan. Subject to the guarantee and mortgage given by the Chinese Government, it was specifically declared that the railway was "in fact a Chinese property."<sup>1</sup>

<sup>1</sup> It will be realised that though the railway is described as being "in fact a Chinese property," the corporation does,

It will be seen from this brief *résumé* of the provisions of the agreement that the *amour propre* of China was satisfied by nevertheless, possess considerable powers of control. The measure of control retained by them under this agreement is the least that could be considered satisfactory in the case of an agreement with regard to a Bhamo-Tali Fu railway. The force of this contention is emphasised by a consideration of the action of the Peking Government in the case of the more recent Hangchow-Ningpo railway agreement. In this case, the moment the loan agreement had been signed, the Imperial Government, in contravention of it, handed over the construction and control of the line to private companies formed in the two provinces of Chekiang and Kiangsu. In other words, the Imperial Government having raised a loan from the British and Chinese Corporation for the construction of the railway on the distinct understanding, embodied in a signed document, that the construction and control of the line were vested in themselves, proceeded to issue a loan on their own account to private companies for the building of the line, at the same time pledging themselves that the line should be entirely under private (not official) control. The only undertaking of any importance, from an outside point of view, which the companies were called upon to make was the engagement of a British engineer-in-chief, under the direction of their own general manager, until the repayment of the loan. In all other respects the line became a purely private affair in the hands of the people of Chekiang and Kiangsu. It is obvious, therefore, that under similar circumstances the Bhamo-Tali Fu line might revert to the status of a purely private undertaking in the hands of the student party in Yün-nan—a state of affairs which would prove inimical to the construction of the railway, and consequently intolerable to the Government of Great Britain.



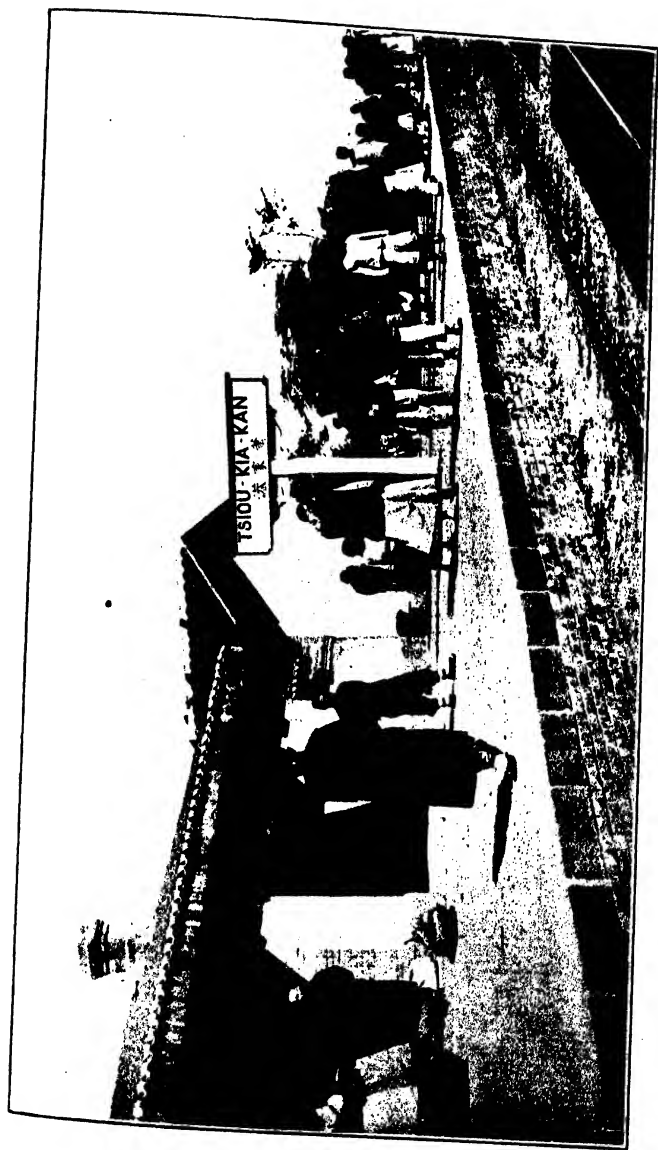
the distinct understanding that the railway was a Chinese property, and was under the control of the Chinese ; while the requirements of the corporation were met by the appointment of a British engineer-in-chief and chief accountant with considerable powers, and by a Government guarantee as to the punctual payment of the principal and interest of the loan, backed by specific security in the shape of a first mortgage on the railway. A similar agreement for the construction of a line from Tali Fu to the Burmese frontier would, I believe, prove satisfactory to the corporation. The question which cannot be so easily answered is whether the Chinese Government would be ready to come to such an arrangement in the case of a railway in western Yün-nan. I confess that upon this point I entertain serious doubts. In the first place, the railways for the construction of which agreements have already been drawn up are lines encountering no great physical obstacles, and running through densely populated districts dotted with big towns. In guaranteeing the loans in these

cases, China is running no risk of loss, and in the railways themselves is acquiring assets of the first importance.

The dividend-earning capacity of Chinese railways under favourable conditions has been proved to demonstration by the Imperial Railways of North China, which, with a mileage of 560 miles, showed gross earnings of 12,191,188 dollars for the year ending September 30th, 1906. These figures are all the more remarkable when it is understood that considerable sums are illegitimately extracted from the public by employees on the line. Though I cannot vouch for the facts myself, I have been told upon excellent authority that in one case a station-master, with a salary of forty-five dollars a-month, was levying a sum of fourteen dollars upon every truck-load which he sent through, as many as two hundred trucks being, on occasion, sent through in a day! There is little doubt that lines like the Canton-Kowloon railway and the Tientsin-Pukow railway will prove to be equally remunerative enterprises. The former is described as running through a "fertile, highly

cultivated, and densely populated country," and as proof of the avidity with which the people avail themselves of railway facilities as soon as they are offered, it is pointed out in the prospectus that "the small railway recently opened between Canton and Samshui carried in 1905 2,657,500 passengers." In the same way the Tientsin-Pukow railway is described as traversing country "of a highly rich and fertile nature, with a teeming population," and it is further asserted that this line, "supplying as it will do an outlet for the produce of large areas now without means of transport, will become one of the most important and remunerative in the empire."

When all these circumstances are taken into consideration, the advantages accruing to China from their construction are tolerably obvious. No such advantages are likely to be forthcoming from the construction of a line from Bhamo to Tali Fu. Whatever funds were offered by China as security for her guarantee—and good security would, no doubt, be demanded on behalf of the bond-



*Railway extension in China: station on the Peking-Hankow line*



holders—would, for a time at any rate, have to be drawn upon. The railway, in other words, would not only lack the supreme attraction of an enterprise bringing grist to the Chinese mill, but would suffer from the disadvantage of constituting a drain upon existing revenues. Moreover, the hostility of the student party in Yün-nan would have to be taken into account. The difficulty of the country through which the line would pass would necessitate the employment of a far larger number of British engineers and foremen than are required in the case of the other lines referred to, and this fact alone would add to the opposition that would be raised in the province itself. Confronted with difficulties of this kind, the Chinese Government might very naturally point out that there are many other lines of far greater importance to commerce, and of far greater potential value to herself, that she is desirous of constructing before embarking upon so speculative an undertaking as a railway across the mountains and valleys of western Yün-nan.

There seems, then, to be little prospect of the Chinese Government viewing such a scheme as is here suggested with any great favour, and unless the British Government have made up their mind that they do really desire to have the railway built, I think there is little prospect of its seeing accomplishment. If, on the other hand, the British Government are in earnest in the matter, I believe that the suggestions here put forward provide the only practical means towards the end in view, and I believe further, that success, even by these means, is only likely to be attained provided that the British Government are prepared to bring strong and constant pressure to bear upon the Chinese Foreign Office. The last suggestion which I venture to throw out is this, that the argument most likely to appeal to the Chinese mind is the argument that by becoming the owners of a line in western Yün-nan, even if Great Britain takes some part in its construction, they will possess an asset which will go far to redress the balance of power in this remote province, which is

in some danger of being disturbed by the undue influence acquired by France as the owner of a railway in the south.

Perhaps all that can be said in conclusion at the present time is, that the long-talked-of Burma-Chinese railway has at last emerged from the realms of mere academic discussion and stands within the range of practical politics, and that there is a possibility, amounting almost to a probability in the event of the British Government entertaining a strong desire to see it built, that steps will ere long be taken to promote its actual construction.



## CHAPTER XXII.

## TRADE.

IN the course of the narrative of my journey across China I have touched here and there upon questions of industry and trade. In the present chapter I propose to indulge in a critical examination of the character of the market provided by Western China for British commerce.

The reader who has had the patience to follow me so far will be familiar with the marked contrast provided by the two provinces of Yün-nan and Ssüch'uan. The mental picture which he will have of the former will be that of a land of rugged mountains and valleys, still showing traces of seventeen years of relentless revolution—a vast province comprising 122,000 square

miles of hungry mountain, enlivened here and there, but not too frequently, by fertile and tolerably prosperous oases, and peopled with 12,000,000 of scattered and poverty-stricken inhabitants; while his impression of the latter will be of a land of fertile hills and smiling basins, the home of a teeming population of frugal and industrial agriculturists. Provided with this knowledge, he will at once realise that the essence of the commercial problem is covered by the answer to the following question—"What do the 50,000,000 consumers of Ssüch'uan require from the factories of the West, and what have they to offer in exchange?" As will, perhaps, have been gathered from a perusal of the narrative, a journey of 500 miles from Ch'ung-k'ing to Ch'êngtu *via* the salt fields of Tzu-liu-ching, and from Ch'êngtu *via* the Min river and the town of Chia-ting to Sui Fu, taking one, as it does, through some of the richest and most populous portions of the province, affords an opportunity of forming an opinion from personal observation.

There are many large towns along the route by which I travelled, and in all the towns were to be seen many well-stocked shops. And the lesson which the shops teach is this—that the requirements of the Chinese are elementary in kind. One-half of the shops are food stores, where the curious medley of delicacies that tickle the palate of the Chinaman are displayed in extravagant profusion. With these the purveyor of Europe has no concern. Next in order come the stores at which are sold the stuffs with which the Chinaman clothes himself—some silk fabrics of Chinese<sup>e</sup> make, but the vast bulk cotton materials; and of these latter (and this is the point which has not been duly taken into consideration by those who have formed, as I think, too sanguine an estimate of the possible demand for Western goods) by far the greater part coarse, narrow-width, loosely-woven, durable home-made cloth. I quote the following as an example of an observation which is liable to give a false impression of the real state of affairs regarding Ssüch'uan

as a potential market for Manchester shirting. "There are many things," writes Dr Logan Jack, "of which the Chinese are large consumers—for instance, there is clothing. . . . Now there are no human beings who wear more cotton goods to the square inch than the Chinese—fold after fold, worn, I regret to say, till they are worn out; but, at any rate, fold after fold of thick padded cotton is added as winter goes on, and they are, I should think, among the very best consumers conceivable of cotton goods."<sup>1</sup>

This is true; but the point that is lost sight of is this—that the millions of China who wear these yards of cotton cloth make for themselves a cloth which is eminently suited to their requirements and their condition of life, and with which the machine-made shirtings of Manchester do not and cannot compete. I have already given an example of the economic advantage which the home-made material of Ssüch'uan must hold over the imported article, in the *rooms* of Wan Hsien.<sup>2</sup> The further

<sup>1</sup> Journal R. G. S., March 1904, p. 312.

<sup>2</sup> See vol. i, p. 75.

economic fact that in many districts almost every cottage has its loom, which employs the members of the family whenever there does not happen to be any other household duty pressing for fulfilment, is one which weighs heavily in the scale against the foreign product.

But the result of many inquiries and considerable observation has been to satisfy me that in this particular line of trade it is not even the matter of price—for thin machine-made grey shirting can be placed upon the market, as a matter of fact, at an astonishingly cheap rate—that tells with greatest weight in favour of the home-made cloth, but the greater warmth, the superior durability, and the more convenient width of the latter as compared with the former. The masses are engaged in a never-ceasing struggle for their daily bread. The loosely-woven native cloth stretches under stress of the wearer's physical exertions, the closely-woven machine-made fabric tears; the hand-made article is heavy and warm, the machine-made light and of little protection against the elements. Finally, the cut of the Celestial's clothes is such that

minimum of waste occurs when they are made up from the 14-inch wide rolls of native cloth, whereas much waste is entailed in cutting up the wider cloths of foreign make. The importance attached to thrift by the Chinese labourer in any matter which closely concerns himself may be gauged by the fact, already alluded to, that the purchaser of a box of Ch'ung-k'ing-made matches, necessitating an outlay on his part of *3 cash*, or the fourteenth part of a penny, may be seen laboriously counting the number of matches in the box, in order to assure himself that he is receiving full value for his money, and to enable him to discard any matches found without heads before finally concluding his bargain.

Perhaps the actual process of purchase as explained to me by a Ssüch'uan coolie may serve to emphasise the point which I desire to bring home—namely, the improbability, if not the impossibility, of British shirting competing successfully with the native article of clothing as far as the masses of China are concerned. The purchaser weighs instead of measuring the material, and then proceeds to bargain as to the price per ounce. The ruling

price of an ounce of locally made cloth was, according to my informant, about 28 *cash*. This works out at from 24 to 25 *cash*—i.e., three-fifths of a penny per Chinese foot. It would seem that reductions are to be obtained by patient bargaining, for a boatman whom I employed on the Min river secured a piece weighing  $28\frac{1}{2}$  ounces for 670 *cash*, or 24 *cash* an ounce, equivalent to 21 *cash* a Chinese foot. At Chia-ting, one of the chief cities in that district, a Chinese merchant quoted 28 *cash* a Chinese foot as the price of the lowest quality of Manchester grey shirting which he sold, and 36 *cash* as the price of his best quality.

Statistics give point to my contention. The amount of foreign grey shirting imported into Ch'ung-k'ing in 1906 was 322,804 pieces, or a little less than 13,000,000 yards. Allowing, for the sake of argument, six yards per person, this would suffice to clothe rather more than 2,000,000 people. From this calculation we find that, roughly speaking, 48,000,000 out of the 50,000,000 inhabitants of Szech'uan, or 96 per cent of the population of the



*The masses prefer native to foreign cottons.*





**MANUFACTURED GOODS BOUGHT BY CHINESE**  
province, are entirely independent of foreign supply.<sup>1</sup>

Here, then, are the two chief items of consumption in Western China—viz., food and the clothing of the poor—wiped off the slate as far as the British manufacturer is concerned. Where, then, does he come in? Referring to a paper by Colonel Manifold, I find the following articles mentioned as being in much demand: "Woollen goods, buttons, needles, thread, candles, clocks, lamps, brass-work of all sorts. The imports of these and numerous other British-manufactured articles will be enormously increased if better and cheaper means of communication are established, and the latent resources of the province are developed."<sup>2</sup> Here, it is true, is a class of goods largely purchased by the Chinese. Next to the food

<sup>1</sup> This calculation is avowedly rough; but it serves to bear out my argument. If we allow only three yards instead of six per person, it makes no material difference to the argument. In that case we still find 92 per cent of the population independent, as far as his clothing is concerned, of the foreign manufacturer.

<sup>2</sup> Journal, R. G. S., March 1904, p. 307.

shops and the cotton shops, stores displaying a bewildering variety of fancy goods—clocks, mirrors, lamps, soaps, buttons, toilet-powders, belts, glass and china, and enamel ware—are the most conspicuous. Such goods find a ready sale with all who can afford to buy them. But the clocks come from America, and the buttons, and crockery, and enamel ware, and perfumes, and scented soaps from Austria and Germany, and in ever-increasing quantities from Japan and Canton.

There is, however, a class of goods which the British manufacturer provides now, and will continue to provide in increasing quantity—namely, the finer grades of cotton piece-goods, such as plain and figured cotton lastings and coloured and black *Italians*, especially the latter, for which there is a large and increasing demand among the middle classes of the population. Manchester shirting, too, finds a ready sale among those who are not obliged to indulge in manual labour, as being infinitely superior in appearance to the coarser native cloth. The highest quality of black *Italians* are so beautifully finished that they

have almost the appearance of silk, and are readily bought by the student and merchant classes. The difference in price in Ch'ung-k'ing between cotton *Italians* and silk was given me by a Chinese importer as follows: black *Italians* of the quality most in demand, 2d. a square foot; silk, from 8d. to 11½d. a square foot. The consequent advantage possessed by the former over the latter to persons of moderate means is amply apparent. It is to this class of goods that I look to enlarge the importation of British manufactures, and let me offer this observation: European retail merchants cannot compete with Chinese retailers in the interior. Time will tend to drive the white merchant more and more to a limited number of large emporiums, such as Shanghai and Hankow, where his business will be that of middleman between the manufacturers of Europe and the retail merchants of China. But the European can push his goods in every part of China by employing native travellers, well supplied with a variety of samples, whose duty it should be to travel over the country, bringing their various quali-

ties of goods to the notice of the retail merchants in the interior, taking orders to supply according to sample, and bringing back with them reports as to the fashions and tastes of the different localities they visit. This system has been recently put into practice by the Bradford Dyers' Association, who were employing when I was in China a staff of twenty trained native travellers, who visited all parts of the country with their samples of piece goods. The Association were at the same time unwilling to occupy the position of importers themselves, preferring to leave the business of supply to the already established houses in Shanghai and elsewhere. Their system was merely to *advertise* their goods, to give the name of the "chop" or particular quality to the retailer, and to leave him to give his order through the usual channel.

Again I can call upon statistics to support the contention which I have advanced. The importation of cotton *Italians* viâ Ch'ung-k'ing has increased from 43,292 pieces in 1897 to 191,661 pieces in 1906, while the importation of plain grey shirting has dropped during the

same period from 459,394 pieces to 322,804. This contention, I may add, applies to China generally, and meets with striking support from the Customs returns of recent years. Thus, in 1903 the net importation of cotton *Italians* amounted to 1,671,113 yards, and in 1906 to 3,655,354 yards.

Looking at trade from an Imperial rather than from a purely insular point of view, we find a large demand for Indian cotton yarn, which is now taken by the people in preference to spinning the thread by hand themselves. I saw many looms in Ssüch'uan, but scarcely a spindle in all the country-side. The import of Indian yarn into Ch'ung-k'ing has increased from 197,352 *piculs* (26,313,600 lb.) in 1897 to 386,669 *piculs* (51,555,866 lb.) in 1906. Japan, who supplies large quantities of yarn to other parts of China, has got no foothold here; but mills are springing up with astonishing rapidity in China itself, and have recently discovered the secret of making themselves pay. I came across considerable quantities of yarn in Ssüch'uan from the Chinese mills of Wu-chang, and there is no doubt whatsoever that in this

particular trade China herself is going to supply, to a steadily increasing extent, the demand of her own home market. Shanghai alone boasts twelve mills, and, including a mill in Hong Kong, there are now twenty-eight mills in the country, with an aggregate of something like 750,000 spindles. The total output of these mills is a matter of speculation, but it has been estimated by Sir Alexander Hosie at approximately 180,000,000 lb., a quantity equal to more than half the foreign import. It goes to supply the large demand for material forming the warp of hand-made cloth, and will, in all probability, long continue to be used in this way,—in the first place, because the demand, which it is well adapted to meet, will remain; and, in the second place, because the Chinese cotton from which it is spun being a short-staple cotton, it is unsuitable to a process of rapid conversion into cloth by means of power-looms. Japan more than any other country has felt the competition of the Chinese mills, and a leading cotton-spinner in that country has recently pointed out that while the sales of Chinese yarn in China have

increased from 170,000 bales in 1903 to 321,675 bales in 1907, the sales of Japanese yarn in China have fallen during the same period from 277,135 bales to 190,868 bales. The actual loss, however, to Japan has not been, in reality, as great as these figures might seem to indicate, since several of the Shanghai mills have recently passed into Japanese hands, while a considerable number of shares in the International cotton-mill, and also in Messrs Jardine's mill, have also been bought by people of that nationality.

As has been pointed out in a previous chapter, another competitor has recently entered the field in Tongking, the import of yarn from that country into China having increased from 57,733 lb. in 1905 to 1,268,933 lb. in 1906; and it is, of course, the market of Western China that is affected by the intrusion of this new-comer.

The exports of Ssüch'uan and Yün-nan must be dealt with in a sentence. They may be classed under three heads—(I.) Agricultural and horticultural products, (II.) Animal products, and (III.) Minerals. Under heading number I.



come hemp, opium, rhubarb, sugar, and medicines. Under heading number II., bristles and feathers, hides, skins, leather, musk, silk, white wax, and wool; and under heading number III., salt and tin. The export of medicine has increased in value from 600,056 *Hk. Tls.* in 1897 to 1,125,250 in 1906. Sir Alexander Hosie, with indefatigable zeal, has drawn up a list of 220 varieties which he declares, "with the exception of a few well-known articles like rhubarb and liquorice, are practically—and it may be happily—unknown to Western medical science." The sugar-cane, which grows prolifically in some parts of the province, is treated by a primitive process with, as I have already had occasion to remark, only partially satisfactory results. I myself ran out of sugar, and was obliged to fall back upon the local product. "This sugar very sour, master!" was the comment of my intelligent servant from the coast. And so it was; but acidity is not the property one looks for in sugar. Hence we find this curious state of affairs: in a prolific sugar-producing country single cubes of foreign



*The Yang-tszc: the one great outlet for the exports of Ssüch'uan.*



sugar being sold in the towns as sweetmeats at something like six *cash* a cube !

The centre of the salt industry is at Tzu-liu-ching. I have given an account of the industry in chapter vii., and I need only recapitulate here what has already been said. The salt is raised in the form of brine from a considerable depth below the surface, the method adopted being the boring of circular shafts of small diameter, which resemble the shafts employed in raising petroleum at Baku and other oil-fields. The main difference is to be found in the working of the system, the motive-power used to raise the raw material in the case of the oil-wells being invariably steam or gas, whereas in the case of the Ssüch'uan brine-wells it is supplied by buffaloes, blindfolded and harnessed to a huge drum. The single steam-engine, imported a year or two ago by an enterprising Chinese, lies in ruins, though whether its destruction was brought about by lack of mechanical skill on the part of those told off to put it into use, or by the hostility of the manual labour that it was intended to sup-

plant, I was unable to ascertain. The immense possibilities of the salt industry in Ssüch'uan are faintly indicated by the fact that even under existing conditions the aggregate output of the forty districts in which it is carried on approximates 300,000 tons a-year.

Other minerals undoubtedly abound in Ssüch'uan and Yün-nan, as in so many other parts of China. Coal deposits exist in abundance in Ssüch'uan, and, according to Baron von Richthofen, "the same formations which yield it in Ssüch'uan appear to occupy a large portion of Yün-nan, and indeed to continue uninterruptedly into that province through a broad opening between the mountain-ranges which enclose the coal basins of Ssüch'uan."<sup>1</sup> The tin mines of Kuo-chiu-ch'ang in southern Yün-nan are well known, and are said to produce 3000 tons a-year at the present time,<sup>2</sup> while prior to the Mohammedan rebellion they are said to have had an annual output of 4464 tons.<sup>3</sup> Copper, lead, zinc, and iron exist in the vicin-

<sup>1</sup> 'Ocean Highways,' New Series, vol. i. p. 314.

<sup>2</sup> 'The Far East,' by A. Little, p. 130.

<sup>3</sup> 'Report of the Blackburn Commercial Mission,' part i., p. 91.

ity of Tung-ch'uan in Yün-nan, and silver, according to the officials who conducted me over the mint at Ch'êngtu, is produced in Ssüch'uan at the present time.

It is impossible, however, to hazard any conjecture as to the possible value of the mineral deposits of the country without careful and systematic investigation by experts, and before any such survey is possible a revolution in the character of the official classes of China will have to take place—still more, before even the known mineral resources can be developed. The obstruction which Mr A. Little has recently encountered in his endeavour to come to an agreement for working the coal seams in the neighbourhood of Ch'ung-k'ing speaks eloquently of the immense power of resistance still inherent in the ponderous force of Chinese official conservatism.

From the premisses put forward both in the present and in previous chapters, we may draw the following conclusions :—

- I. That China is in the main self-supporting, and that “ foreign traders can only hope to dispose of their merchandise there in

proportion to the new tastes they introduce, the new wants they create, and the care they take to supply what the demand really means."<sup>1</sup>

- II. That the foreign trade already thus created in Western China, amounting to 6½ millions sterling at the present time,<sup>2</sup> suffers from the following disadvantages—(a) the cost and cumbersomeness of transport; (b) the importunity of the tax-gatherer; (c) the restricted purchasing power of the people owing to the undeveloped state of the country.

I propose, in conclusion, to say a few words upon each of these subjects, not so much with a view to inquiring what may be done, under existing circumstances, to remove them—this has already been done as far as (a) and (c) are

<sup>1</sup> 'These from the Land of Sinim'—Sir R. Hart, G.C.M.G.

<sup>2</sup> The figures for 1906 are as follows :—

Net value of the trade of Ch'ung-k'ing	.	£4,772,292
" " " Mêng-tzū	.	1,781,592
" " " T'eng Yüeh	.	230,067
" " " Ssü-mao	.	37,209
Total	.	£6,821,160

concerned, in the present and in previous chapters—but with a view to pointing out the extent to which they constitute a drag upon the wheels of commerce, and their relative importance.

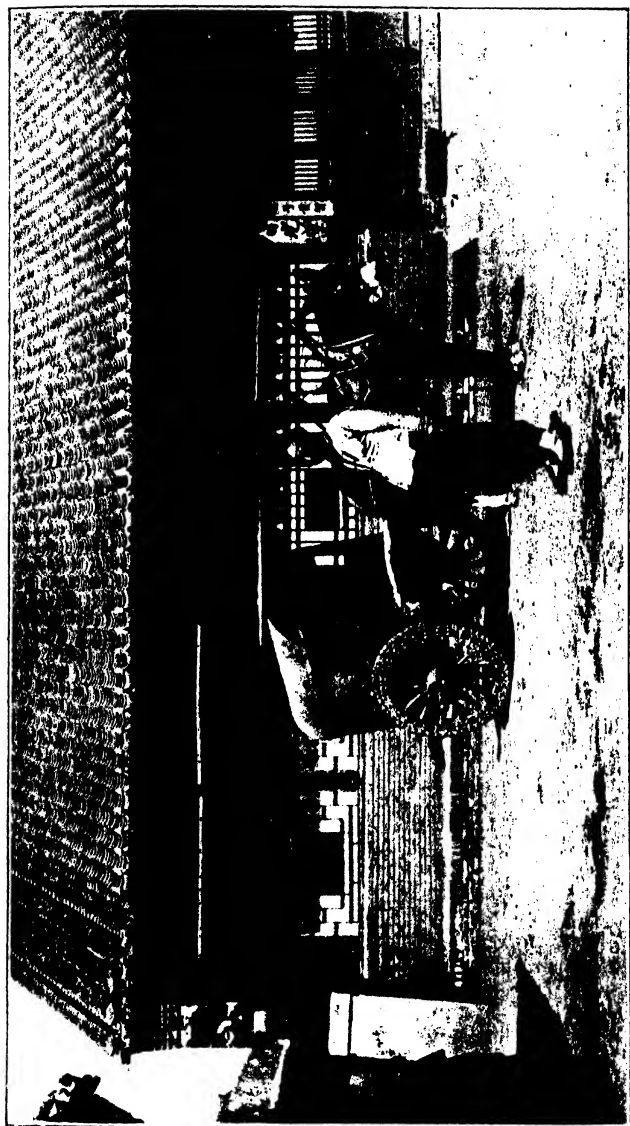
The cost and uncertainty of transport are undoubtedly hindrances to commerce in Western China. The conclusions which must inevitably be drawn from the whole of my own experience while travelling in those regions find admirable expression in an article on the “Inland Communications of China,” (compiled some years ago by the China Branch of the Royal Asiatic Society, and published in vol. xxviii. of the New Series of the Journal, in January 1895.

“The horse-cart,” writes the editor, “which in the north and north-west of China is the principal means of conveyance, has never succeeded in gaining an entrance into Ssüch‘uan with its steep ascents and rapid unfordable streams; and is here represented for passenger traffic by the sedan-chair, and for the carriage of goods, with the exception of a limited number of wheelbarrows, by the backs of men or animals, unless where the friendly water-courses afford the cheapest and readiest means of intercourse. As generally in the south of China, human



labour has in Ssüch'uan superseded that of the lower animals to the largest extent possible, and it may be safely said that nothing is done by an animal which can by any means be performed by manual labour."

In the same article the average cost of transport in Ssüch'uan is given as 360 *cash* per 100 *li* for a package weighing 80 *catties*, which works out at present values at something like sevenpence a ton mile. This varies in different parts, and I do not think that I am far wrong, taking river transport, coolie transport, and transport by pack-animals into count, in giving the cost of transport as I have done in chapter xix. as varying from 2d. to 8d. per ton mile. Freights on mountain railways are apt to be heavy, and in the case of the Ceylon railway above Nawalapitiya, which was taken as a fair example by the members of the Blackburn Commercial Mission, amounted to as much as 4d. and 5d. a ton mile; and it may well be that they were right when they declared that "it was doubtful whether a railway would be able to transport goods or minerals at a lower rate than the pack-animal"—as far, at any rate, as some of the suggested lines are con-



*A mule cart in North China.*



cerned. It must be remembered, however, that high freights are not the only drawbacks attendant on coolie transport, and transport by river junk through gorge and rapid; there are also the drawbacks of loss of time, breakage of bulk, and—especially in the case of the junk traffic between Ichang and Ch'ungking—uncertainty of delivery. As Sir Alexander Hosie has said, "Foreign textiles are what the Ssüch'uanese really want, but the heavy freight and the locking up of capital caused by a three months' journey from Ichang to Ch'engtü by junk militate against their free consumption."<sup>1</sup>

There is no doubt, then, that the present imperfect means of transport do constitute a serious obstacle to the expansion of trade, and that until railways are built no amelioration in this respect can be looked for. Under these circumstances the best hope for British traders is to maintain the reputation which they undoubtedly enjoy for the high quality of the goods which they supply, to study the peculiar tastes of the Chinese in the districts

<sup>1</sup> Report on the Province of Ssüch'uan, Cd. 2247.

concerned, and to do all that is possible to push the sale of those classes of highly finished materials which appeal to the richer portion of the population, which are better able to stand the tax of heavy freights, and for which there is undoubtedly a steadily increasing demand.

I now come to (b) the fiscal restrictions, regular and irregular, which are still imposed upon foreign trade. I think that the effect of the actual taxes imposed upon imported goods may easily be over-estimated. The actual imposts levied upon merchandise cannot add very materially to the cost of the retailed article, and the abolition of all taxation could at the best cheapen the products of Lancashire looms to the consumer by a very few *cash*. Nor do I believe for one moment that it would ever be possible to abolish the imposition of taxes. The provincial governments in search of sources from which to replenish their depleted exchequers will always discover methods of evading treaty stipulations. The case of transit passes provides an example. By Article XXVIII. of the Treaty of Tientsin it

was decided that on payment of an additional 50 per cent of the *import* duty by the importer, a certificate known as a transit pass should be issued to him, granting him exemption from all further transit duties. The *likin* duties were doubtless those which the framers of the treaty were more especially desirous of annulling, but it appears to be clear from the wording of the paragraph dealing with the matter—"and on payment thereof [the commuted transit duties] a certificate shall be issued, which shall exempt the goods from all further inland charges whatsoever"<sup>1</sup>—that they intended the goods to be freed from all further taxation of any kind or description. This view is further confirmed by the wording of Rule VII. of the Trade Regulations drawn up between Lord Elgin and the Chinese Plenipotentiaries at Shanghai on November 8th, 1858, which says that "*no further duty* will be leviable upon imports so certificated, no matter how distant the place of their destination." What happens in practice is this: goods sent to the interior

<sup>1</sup> Treaty of Tientsin, Article XXVIII.

under transit passes escape the *likin* duties—where the *likin* officials can be induced to observe the stipulations of the treaty, that is to say,—but are liable at the end of their journey to a *destination* tax known as *loti-shui*. Since the tax is a *destination* tax, it is held, and it has been admitted, that it is not technically a breach of any agreement dealing with *transit* duties. I have mentioned this because it was brought to my notice by Chinese merchants in Ch'ung-k'ing, and because it provides an illustration of what has been said as to the impossibility of abolishing the local taxation of foreign goods.

What has been a far greater hindrance to trade, however, than the actual imposts levied is the attitude towards the traders of the officials interested in the exaction of dues. "The shadow of the tax-gatherer," wrote the members of the Blackburn Commercial Mission, "is over all, and the incalculable trade possibilities of every port in China are kept in abeyance by the licence of a privileged few." Enormous abuses have existed, and no doubt

still to some extent continue. Transit passes have been ignored, and trade has been restricted and harassed at every turn by an army of exacting officials. Still, there are evidences of improvement in this respect. In southern Yün-nan France has forced recognition of transit passes and sternly—and successfully—fought abuse, while strong steps have also been successfully taken by British consuls to secure to traders their rights in the western portions of that province; and the result of my inquiries goes to show that years of patience and reams of diplomatic correspondence, backed by energetic action on the part of consular officials in the interior, have done much to lighten the tyranny and oppression of the *likin* system.

There remains the last point which I have mentioned—namely (c), the restricted purchasing power of the people. This, in my opinion, is incomparably the greatest obstacle in the way of any considerable expansion of trade. "A hand-to-mouth existence is the normal condition of the vast bulk of the



population of China,"<sup>1</sup> and this condition is due to the backward state of the industrial development of the country. As long as the purchasing power of the people is so restricted, their demand will be confined chiefly to the necessaries of life, and these, as I have been at pains to point out, are produced in the country itself. The Chinese will buy readily enough if they have the means; they will acquire the means when the latent wealth of their country is worked up into exports. The trade returns between Great Britain and China provide ample demonstration of this. In 1907 China took from Great Britain goods to the value of rather more than £12,000,000, while she was only able to send to Great Britain in exchange goods to the value of under £3,500,000,<sup>2</sup> showing an adverse balance for a single year of £8,500,000. When the whole of her foreign trade is taken into consideration, the adverse balance is not so great as it is in the case of her trade with Great

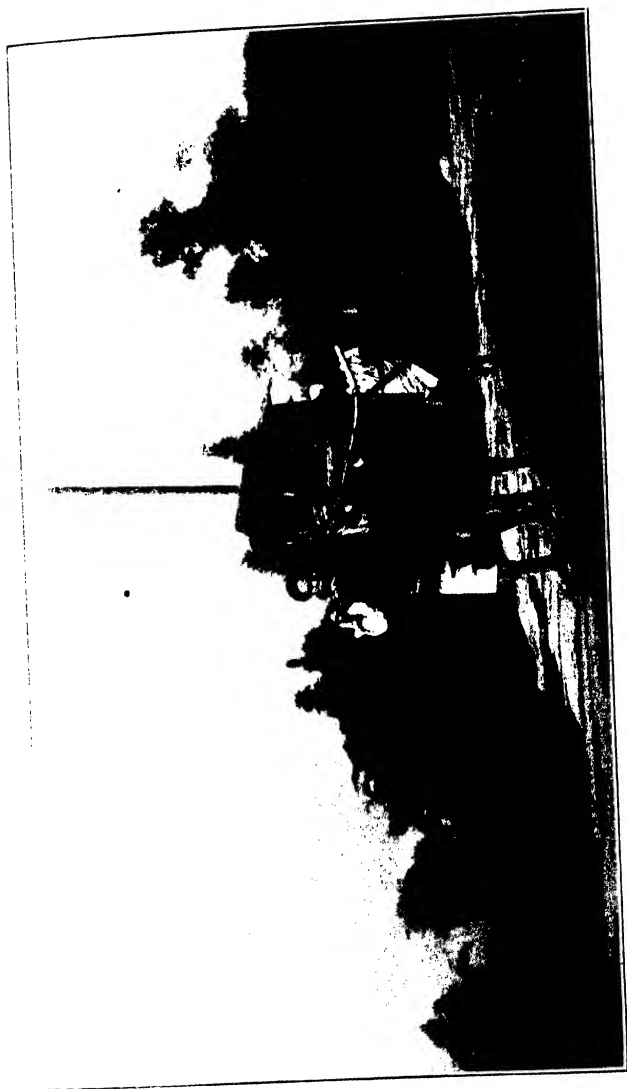
<sup>1</sup> Consular Report on the Foreign Trade of China for 1906 (Cd. 3727—26).

<sup>2</sup> Annual Statement of the Trade of the United Kingdom with Foreign Countries, 1907. (Cd. 4150.)

Britain alone; but it is very considerable, her net imports exceeding her exports by 43 per cent in 1904, by 97 per cent in 1905, and by 74 per cent in 1906. Much has been done by British merchants to assist the Chinese in this respect. In the provinces with which I am more especially concerned, Mr Little has built up a considerable export trade in feathers and bristles, much to the advantage of the people, and has made laborious attempts to persuade the officials to allow him to open up mines. In Kansu, to take another example, the British firms at Tientsin have built up, in face of no little opposition on the part of Chinese officialdom, a valuable export trade in skins and hair, thereby largely increasing the purchasing power of the people, and consequently the trade of Tientsin. But before China can become the commercial El Dorado of which we sometimes hear, she must shake herself free of the policy of burying her talents in the ground, and must learn to herself make use of the enormous mineral wealth which at present lies neglected in the earth.

If I have painted a less glowing picture of

the prospects of Anglo-Chinese trade than is customary with writers on this topic; I have, I hope, given sufficient reasons in justification of my views. I have dealt with the question, to the best of my ability, from the point of view of the present and of the immediate future, and have been content to give a mere indication of what may take place in that future, more or less remote, when the whole structure of Chinese Society will have adapted itself to the conditions of modern industrial life. The possibilities of such an epoch, with China as a first-class industrial Power, have been faintly suggested in the opening pages of chapter ii.; in the present chapter I have endeavoured to remember that that epoch has not yet dawned, and to grapple with the hard and passionless facts of the present, rather than to revel in imaginary if fascinating excursions into the future.



*How the aristocrat travels in Western China.*



## PART V.

### JAPAN'S PLACE IN THE FAR EAST

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"The *Kingdom of Heaven* is compared, not to any great Kernell or Nut, but to a *Graine of Mustard-seed* ; which is one of the least Graines, but hath in it a Property and Spirit, hastily to get up and spread. So are there States, great in Territorie, and yet not apt to Enlarge, or Command ; And some, that have but a small Dimension of Stemme, and yet apt to be the Foundations of Great Monarchies.

"Many are the examples of the great oddes between Number and Courage : So that a man may truly make a Judgement : That the Principal Point of *Greatness* in any *State*, is to have a race of Military Men."—FRANCIS BACON : *Of the true Greatnesse of Kingdomes and Estates.*



## CHAPTER XXIII.

### JAPAN A FIGHTING NATION.

THE conversion of the people of Japan from the unyielding conservatism of centuries to the advanced liberalism of the present day provides one of the most remarkable phenomena as yet recorded in the pages of world history. The sudden and dramatic *volte-face* of the leaders of the restoration from an unbending policy of rigid exclusion to an advocacy of Western intercourse and Western ways, threw open the flood-gates to an eddying vortex of innovation and reform, and relegated the old order irrevocably to the dusty limbo of the past. With an energy as impetuous as it had been long delayed, the venerable garments of a supreme antiquity were thrust



violently aside, and from the seclusion of unnumbered centuries emerged a new and wholly unknown Power—an Eastern nation clothed in the culture and the armour of the West. In the twinkling of an eye a novel figure had flashed comet-like on to the stage of human thought and action, creating new problems and imparting unforeseen direction to the march of world progress.

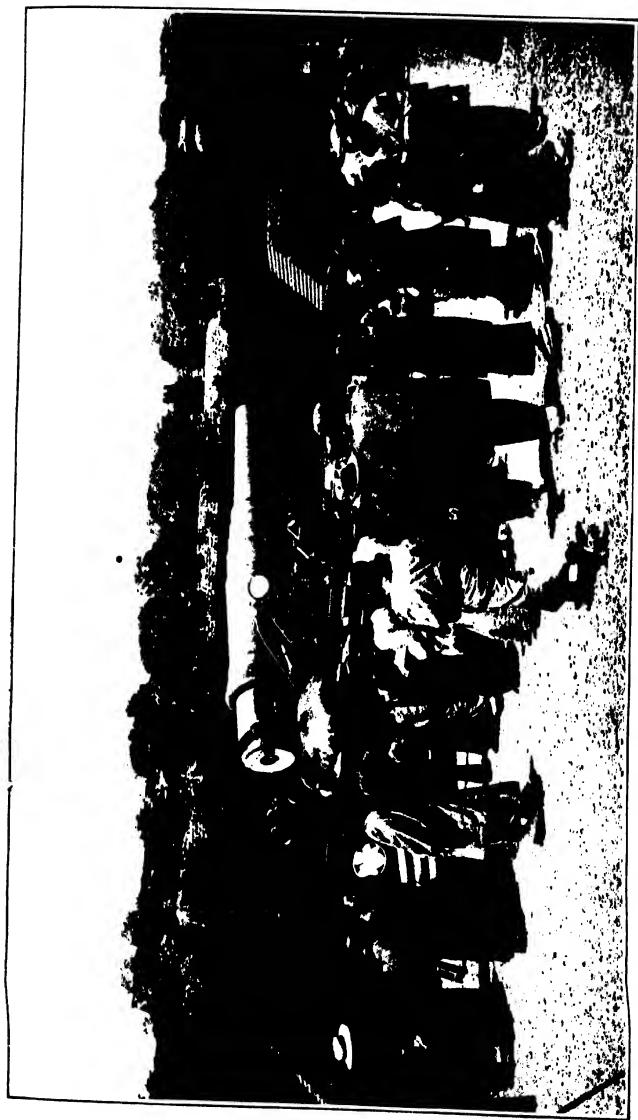
It is, doubtless, to her prowess in the field of war that contemporary opinion assigns the proud position which Japan has carved out for herself in the Parliament of man. War, indeed, bulks largely in the pages of her modern history. The unhappy juxtaposition of conflicting interests, the ever-increasing friction between East and West, and the growing aggression and ambitions of rival Powers, set blazing the touchstone of human passions and lit up the passage from the nineteenth to the twentieth century with the devouring fires of war. For ten years a succession of plots and counter-plots, of intrigues and the resounding clash of arms, marred the intercourse between Russia, China,

and Japan, while incidentally causing rude interruption to the stately and passionless course of Korean progress. There was a touch of grim humour in the destiny which decreed that in return, that small and insignificant country should launch her Western neighbour upon the humiliating tragedy of the Sino-Japan conflagration, and should ring up the curtain also upon the yet fiercer and more passionate drama wherein were played out before an astonished world the successive scenes in the downfall of Russian Imperialism in East Asia. With her superlative attainments in duplicity, and her unalterable predilection for intrigue, she may be equally counted upon to add immeasurably to the tangles of any political skein, and to render infinitely laborious the suzerain duties and responsibilities now devolving upon Japan.

With her triumphant emergence from so strenuous a period of probation, it may justly be said that Japan has cut her way to power with the bayonet and the sword. She has indeed achieved much more than will be found within the four corners of any written

treaty. When she pricked the bubble reputation of Chinese military precocity, she excited the interested curiosity of the West; when she flung upon the boards of the Manchurian stage the torn and crumpled fabric of Russian Imperial ambition, she demanded and received the respect and the recognition of the World, for her claims to rank, henceforth, as the first Power in Asia.

There was not a village in Japan which had not recently welcomed home a little band of heroes when I set foot on her shores in the early summer of 1906. Each small hamlet had erected a triumphal arch as an expression of its gladness and a mark of its victories in the great war. Country folk flocked to Tokyo in large numbers to gaze curiously, in their child-like Japanese way, at the monster cannon and the piles of small arms and ammunition taken from the Russians, which were exhibited during the summer months in the great park outside the palace of the Mikado. In one or two places triumphal arches, slightly enlarged editions of the village



*Guns captured from the Russians on view in Tokyo.*



arches, were to be seen—though these were to be demolished after a brief existence, lest they became a cause of offence to foreign residents and visitors.

Yet despite these symptoms of national rejoicing at great victories won, there was little in Japan to suggest that it was the home of a great military people. The capital itself is the very reverse of imposing. With the exception of a few hideous monstrosities of red brick, which have been built of late years to accommodate various branches of the Government service and a few of the greater lights in the business world, there are no buildings with any pretensions to greatness. Tokyo is, in fact, as Count Okuma described it to me in conversation, "a mere aggregation of villages." Its houses are of wood and paper, and one storey in height, and so small a matter are they, that I remember seeing the whole of one side of a street of houses being taken up bodily and dumped down again thirty yards farther back in order to make room for an additional tram line. "Yedo has greatly disappointed us," wrote Margary in one of his

letters. "We went up by the railway and spent the whole day running about Yedo in a funny little hand-carriage called a 'gin-rick-a-sha.' This is a modern invention emanating from the native brain entirely." Every one who goes to Tokyo spends his time running about the town "in a funny little hand-carriage called a 'gin-rick-a-sha,'" and every one is disappointed—every one, that is, who expects to find in it anything in any way comparable to what would be styled in Europe a great city. It has a charm of its own; but it is quite innocent of the impressiveness of a city of soaring buildings and stately esplanades.

Nor is there any ostentatious display of militarism. To the European eye the very stature of the people is far from suggestive of military exploits, and is, indeed, on first acquaintance, very liable to deceive. Oddly enough, it was a military attaché fresh from St Petersburg who exclaimed on seeing a body of Japanese soldiers in the streets of Tokyo—"Why! a handful of Russians would walk through them." This, needless to say, before the plains of Manchuria had revealed

the unsuspected power hidden away in the Japanese frame.

Many attempts have been made to explain the magnificent successes of the Japanese as a military nation. I have touched upon the military traditions of the upper classes in chapter i. Their almost superstitious adoration of their emperor, and their intense love of their country — patriotism in its highest form — are powerful factors towards the achievement of success in war. Their immense capacity for paying attention to minute detail in military organisation, in which respect, as in many others, they much resemble the Germans, is likewise an attribute of success ; but there is another powerful influence, a metaphysical influence, which would probably be described vulgarly as "the Oriental disregard for death." It would certainly seem that the average Japanese can contemplate death with feelings of less aversion than can the average European. The authenticated cases of men preferring death to ignominy of any sort are legion, and indeed it was one of the cardinal articles of that little understood



philosophy, which is spoken of as *bushido*, that death was, under all circumstances, to be preferred to shame. "The *bushi* (knight) always carried with him a pair of swords—a long one and a short one. The swords were 'his soul,' as the old proverb put it, and their use was to defend his honour. When attacked by his enemy, he defended himself with the longer sword; when an attack was made on his honour, and he could protect it in no other way, he was taught to prefer death to a tarnished name, and to seek in *seppuku* (suicide by disembowelment) a refuge from the taint of dishonour."<sup>1</sup> Innumerable proofs of the living force of *bushido* were furnished by the war—such, for example, as the case of a non-commissioned officer, Sergeant-Major Washi, who committed *seppuku* on the deck of the *Kinshu Maru* when it became clear that there was no alternative but surrender; and the speech of Lieutenant-Com-

<sup>1</sup> From an article entitled "Bushido" in the second number of a periodical dealing with the Russo-Japanese War, published by the Kinkodo Publishing Company in Tokyo.

mander Yuasa to his men when on the point of undertaking a dangerous attack has before now been quoted as being inspired by the highest teaching of *bushido*. "Let every man," he said, "set aside all thought of making a name for himself, but let us all work together for the attainment of our object. It is a mistaken idea of valour to court death unnecessarily. Death is not our object, but success; and we die in vain if we do not attain success. If I die, Lieutenant Yamamoto will take command, and if he is killed you will take your orders from the Chief Warrant-Officer. Let us keep at it to the last man until we have done what we want."<sup>1</sup>

It must, I think, be admitted that a moral force inculcated by the teaching of an admirable philosophy of chivalry known as *bushido* does exist among the Japanese, which is capable of imbuing them with what would be expected to be the characteristics of "scientific fanatics." Their disregard for

<sup>1</sup> Ibid.

death is, however, due in all probability to an accumulation of causes, and not to one cause alone. The worship of ancestors is, I believe, responsible to no small extent for the attitude of the average Japanese towards life and death. I do not pretend for a moment to have any real conception of the actual beliefs of the average Japanese mind upon the problems of the spiritual world and an after life; but this at least appears to be certain, that the presence of the spirits of the dead is to the Japanese in very truth a reality. Admiral Togo gave public thanks, in sight of all the world, to the spirits of the Imperial ancestors for victories achieved, and on one occasion I witnessed an interesting ceremony of the same description. A long line of robed and mitred priests marched in procession to an open space in the Ueno Park in Tokyo. Here an enclosure had been arranged with seats all round and an altar in the centre. The banners carried in the procession were set up, and the priests grouped themselves before the altar. A charcoal brazier burned upon it, and the



*A long line of robed and mitred priests.*



head priest led some sort of service.<sup>1</sup> To me the most interesting part of the proceedings came at the end, when various laymen stepped forward and, throwing a pinch of incense upon the brazier, each in turn addressed a few words to the spirits of those from Tokyo who had fallen in the war. A city official, a leading merchant, an officer in uniform—all came forward to make a short address to the spirits of their departed friends.

But one also finds what appears to be a reckless waste of life. It is by no means uncommon to hear of people throwing themselves into the craters of volcanoes, and

<sup>1</sup> It is remarkable testimony to the hold which ancestor-worship has upon the people of Japan that Buddhism, which is in reality antagonistic to it, should have been compelled to yield to the belief of the people and adapt itself to the national practice. The introduction of Western civilisation has in its turn failed to modify the custom, and Professor Nobushige Hozumi declares that "the three foreign elements—Confucianism, Buddhism, and Western civilisation—all of which have had an immense influence upon our laws, manners, and customs, and two of which were diametrically opposed to ancestor-worship, could not make way against, nor put an end to, the widespread and persistent faith of the people."

during the few days that I spent at Chuzenji a young man committed suicide by throwing himself over the celebrated waterfall of Kegon-no-taki, the reason assigned for this wilful act being a failure on his part to pass a certain examination. Can this disregard for life be due to physiological reasons—a lower vitality, a less highly-strung nervous organism, and a consequent absence of apprehension of the terrors of death? Perhaps it is a combination of all these which renders the soldiers of Japan impervious to the fear of death,—in itself one of the characteristics which make them so formidable in battle.

I have said that there is no ostentatious display of militarism. Only once during the whole of the summer of 1906 did I see any considerable military display. The occasion was a special one, held to mark the conclusion of peace at the end of a great war. It took the shape of a review of 31,000 troops from the seat of war, held by the Mikado in person, and is worthy of a brief description.

The quiet of early morning was broken by

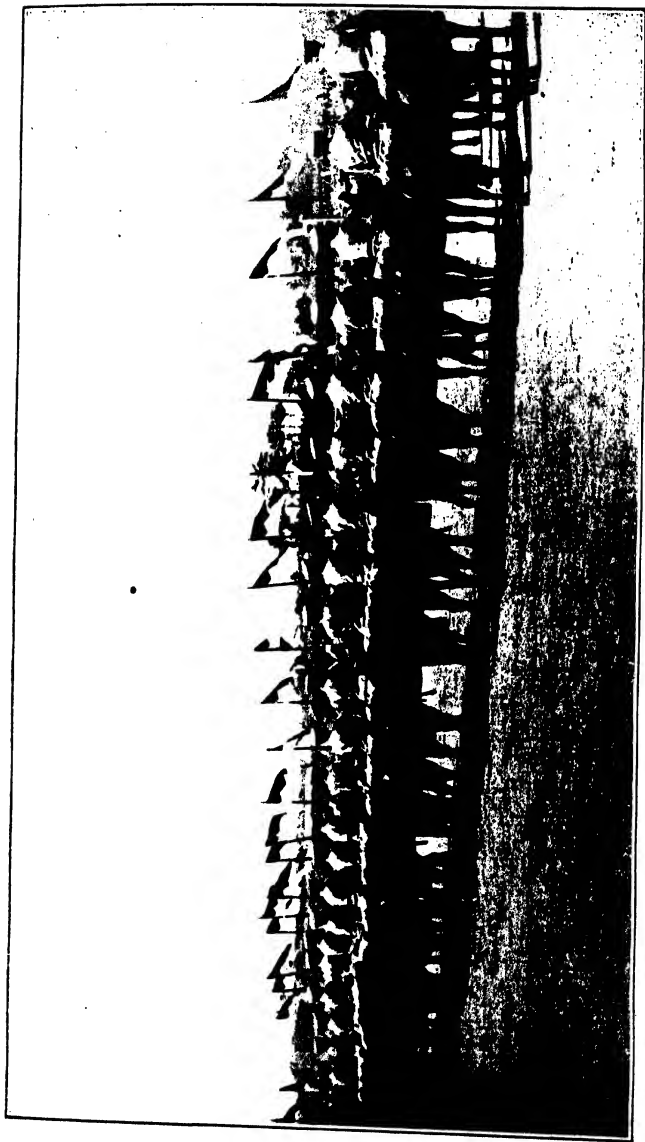
the heavy booming of big guns rolling sonorously through the air, and awaking responsive echoes in remote corners of the city, on April 30th, 1906,—a welcome indication to the vast concourse of people gathered in the capital that day had dawned fair, and that nothing stood in the way, therefore, of the successful carrying out of the prearranged programme. Little need was there, indeed, of the thunder of guns to herald forth the news, for the sun shone gloriously from a cloudless sky, and from early dawn expectant crowds of men and women streamed joyously westward to the Aoyama parade-ground, where were drawn up from an early hour the pick of the victorious Manchurian armies. Upwards of 31,000 men, fresh from the triumphs of the Yalu, Port Arthur, Mukden, and Liao Yang, and representative of every regiment in Japan, stood massed in serried ranks,—an epitome of the military genius of a people borne to the forefront of the nations upon a flood-tide of military achievement.

The vast gathering of spectators, banked



in dense crowds on every side of the dusty expanse, awaited patiently the arrival of the Emperor. A pleasurable anticipation of things to be bridged over a prolonged period of delay, and when at length to the strains of martial music a company of dusky lancers clattered on to the ground, heralding the arrival of the royal procession, the whole vast assemblage swayed forward as one man in profound obeisance to the heaven-descended ruler of Japan.

A large force of men answering with machine-like precision to a single word of command is always an impressive sight: here, as column after column of khaki-clad warriors passed in never-ending procession, each headed by a man bearing a name of world-wide fame—Oyama, Nogi, Kuroki, Oku, and many more—the chords of memory were strangely stirred. To the spectator from the West, accustomed to the variegated brilliance of a full-dress military parade, the absence of all colour provided a noticeable feature, artillery, cavalry, and infantry being decked alike in identical uniforms of sombre khaki.



*A company of dusky Lancers.*



## THE ISLAND EMPIRES OF EAST AND WEST

A single figure in scarlet, conspicuous amid the general monochrome, alone gave colour to the scene,—the British military attaché, solitary representative of Europe in all the brave array. His presence there, surrounded by the generals of Japan, was significant of many things,—of the newly-knit ties, binding in close alliance the island empires of East and West; of the strange moves, too, which Destiny indulges in, in the great game which finds a stage in the chess-board of the world.

Japan had accomplished great deeds in war; but the wine of success had not turned the heads of the body of quiet, strong-willed, far-seeing men responsible for her military organisation. They set themselves resolutely to work to remedy such defects in organisation as had been disclosed by the war, and to add additional divisions to the existing army.<sup>1</sup> And two years later we

<sup>1</sup> After the war it was proposed to raise the strength of the army to twenty-four divisions. At the instance of the late General Kodama, however, this figure was reduced to twenty-one, and it has now been still further diminished to nineteen.

find the Minister of Finance giving utterance to the theory, which curiously enough found expression in Germany about the same time,<sup>1</sup> that expenditure upon armaments need not necessarily prove unproductive. "Had the Japanese army possessed two more divisions at the Battle of Mukden," he declared to a deputation from the United Chambers of Commerce in June 1908, "the issue of the fight would have been so conclusive that the collection of a large indemnity might have been possible"; and the deputation admitted that a military force of nineteen divisions and a navy of 600,000 tons were essential to the safety of the State.<sup>2</sup>

<sup>1</sup> In a pamphlet entitled 'Die Finanzen der Grossmächte,' by Dr Friedrich Zahn, President of the Bavarian Statistical Bureau.

<sup>2</sup> Nevertheless the financial policy of the Government continued to excite the hostility of the business classes, and in spite of the fact that the General Election held during the summer gave Marquis Saionji as head of the Seiyu-kai a working party majority in the Lower House—a state of affairs witnessed now for the first time in the history of constitutional government in Japan—this hostility on the part of the merchants and manufacturers eventually induced the Prime Minister to tender his resignation. Party government as it

It need hardly be said that as a fighting machine the Japanese navy is fully as inter-

is known in England does not exist in Japan, a change of Ministry calling for no alteration in the constitution of the Lower House, and on the resignation of the Saionji Cabinet, Marquis Katsura, a non-party man, who had been Prime Minister during the war, assumed the reins of office. At the end of August the new Ministry published a financial programme involving curtailment of expenditure to the extent of £20,000,000, of which 30 per cent was to be taken off the army and 10 per cent off the navy estimates. The main features of the programme were summarised by the Tokyo correspondent of 'The Times' in its issue of August 31st as follows: "First, the defrayal of all outlays from ordinary revenue; secondly, the extension of the six years' programme of armaments and execution of public undertakings to eleven years; thirdly, the abstention from all loans during that period; fourthly, the increase of the yearly redemption of the national debts to a *minimum* of £5,000,000; fifthly, the exclusion from the programme of all future surpluses from ordinary revenue, although such surpluses will certainly accrue; sixthly, the placing of all State railways to a special account, and the devoting of the entire profits to extension and improvements during the first three years, after which the profits will be supplemented by the floating of domestic bonds, the sale of which is to be an exception from the rule of abstention from loans."

Apart from the postponement of the Tokyo Exhibition, which was to have been held in 1912, but for which the Government declare adequate arrangements cannot now be made, the financial proposals herein set forth are said to have been hailed with general satisfaction.

esting a study as the Japanese army,—to the people of Great Britain the more interesting, perhaps, of the two. Nowhere, indeed, is the effect of the war upon Japan more patent than in her great naval yards, nowhere does the strength and magnitude of her ambition find more cogent demonstration. The possessors of an island empire, the statesmen of new Japan have not been slow to recognise the value of a strong navy and a powerful and numerous mercantile marine. Under a system of shipbuilding and ship-running bounties her merchant shipping has made huge strides, and the advocates of State aid, in return, under given circumstances, for State control, may point confidently to the successful transportation of troops in time of war in justification of their policy. During the late war a single company, the Nippon Yusen Kwaisha, were able to place at the disposal of their Government 250,000 tons of shipping, with which they successfully carried to and from the seat of war upwards of a million and a quarter men, 124,000 horses, and close upon two million tons of stores. Under the same

paternal encouragement the displacement of the steamers of her mercantile marine aggregated, at the end of 1906, 1,394,745 tons,—an increase in ten years of 4831 vessels (steamers and sailing-vessels) with a displacement of 907,836 tons.<sup>1</sup>

But striking as these figures are, and loud as is the tale of destructive competition of Japanese bottoms in Chinese waters, the tale of the great naval arsenals and dockyards is even more significant. A visit to Kuré is indeed little less than a revelation. Armed with an official permit which read, "Kuré arsenal and dockyards except the armour works," I approached the main entrance in the wall surrounding the entire works, and received immediate admittance from the sentinel on guard. The first glance tells you that you are in the presence of a spirit of imperious energy and indomitable will. The man of "blood and iron" would have smiled approval here. You are brought abruptly face to face

<sup>1</sup> These figures do not take into account the sailing-vessels known as *koku* vessels—i.e., vessels of small tonnage. At the end of 1906 there were 21,920 of these vessels, having an average capacity of slightly less than 12 tons.



with one of the startling contrasts of the East. Outside the wall fragile houses, old - world courtesy, laughing children, sleepy temples, leisurely priests, and smiling women,—all the recognised ingredients of quaint, fantastic, orthodox Japan. Inside the clash and clang of iron upon steel, the roar of machinery, and the hiss of steam, all the bewildering equipment for the forging of machines designed for the destruction of human life, vast piles of ugly scaffolding, toiling masses, and a ten hours' day! Eleven years ago the naval yards at Kuré came into existence, the offspring of the war with China; to - day they provide employment for 30,000 men, and are capable of building battleships the equals of any now afloat. They are complete and self-sufficing in every detail. They turn out everything connected with the construction of battleships, from a rivet to a 12-inch gun.

Prior to the late war nothing beyond a third-class cruiser of three or four thousand tons had been attempted, but the war gave great impetus to Japanese naval construction, and in January 1905 the keel of the first large cruiser,

the *Tsukuba*, was laid down. To-day I saw her all but completed in her dock at Kuré, a powerful first-class cruiser of 13,750 tons. A little way off lay her sister ship, the *Ikoma*, though not quite so far advanced. But Japanese ambition has not stopped here. Two vast battleships, the *Satsuma* and the *Aki*, are now under construction at Yokosuka and Kuré respectively. Not even the *Dreadnought*, the latest pet of the British navy, will boast superiority to these monster engines of war. With a displacement of 19,000 tons, a speed of 19 knots, and an offensive armament of four 12-inch and twelve 10-inch guns, they will meet with few equals upon the sea. And while poor, impoverished, heavily burdened Japan is adding ships to her navy and regiments to her army, the plausible pundits who mismanage the affairs of rich, luxurious, affluent England preach pious platitudes from the Treasury bench on the beauty of perpetual and universal peace, and, childishly happy in their belief in the immediate advent of the millennium, hasten to cut down the armaments requisite for Imperial defence.

I doubt very much whether it has been generally realised in England how immensely superior is the Japanese fleet of to-day to the fleet which achieved such memorable success in the late war. At the commencement of hostilities Japan possessed a fleet of less than 300,000 tons, made up as follows:—

Type.	Number.	Displacement in tons.
Battleships . . .	6	84,652
Armoured cruisers . .	8	73,982
Other cruisers . . .	44	111,470
Destroyers . . .	19	6,519
Torpedo-boats . . .	80	7,119
Total	157	283,742

During the war she lost two battleships, the *Hatsuse* and the *Yashima*, eight cruisers, two destroyers, and seven torpedo-boats, or nineteen vessels in all, with a displacement of 46,616 tons, leaving her with a fleet of 237,126 tons.

When I visited her naval yards I found construction being pushed forward at a rapid rate, which seems to have been continued during the past two years, the number of craft built in her dockyards from the beginning of the

war up to the spring of 1908 being forty-nine, with a displacement of 113,550 tons, as follows :—

Name.	Type.	Displacement in tons.
The Aki	First-class battleship	19,060
The Satsuma	„ „	19,060
The Kurama	First-class armoured cruiser	14,600
The Tsukuba	„ „ „	13,750
The Ikoma	„ „ „	13,750
The Ibuki	„ „ „	13,000
Total, First-class cruisers and battleships		93,220
Five small cruisers		7,000
Thirty-three destroyers		12,570
Five torpedo-boats		760
Total, all craft		113,550

But this is not all. Shortly before my visit two first-class battleships, the *Kashima* (16,430 tons) and the *Katori* (15,980 tons), had arrived from England, and the ships captured from the Russians were rapidly being repaired and made ready for sea. These captured ships numbered twenty-one, with a displacement of 135,540 tons, as follows :—

# 144 JAPAN'S PLACE IN THE FAR EAST.

Name.	Type.	Displacement in tons.
The Iwami (Orel) . . .	Battleship	62,524
The Sagami (Peresviet) . . .	„	
The Tango (Poltava) . . .	„	
The Hizen (Retvizan) . . .	„	
The Suo (Pobieda) . . .	„	
The Iki (Nikolai I.) . . .	Cruiser	71,276
The Aso (Bayan) . . .	„	
The Tsugaru (Pallada) . . .	„	
The Soya (Varyag) . . .	„	
The Okinoshima (Apraxin) . . .	„	
The Mishima (Seniavin) . . .	„	
The Suzuya (Novik) . . .	„	
The Manshu (Manchuria). . .	„	
The Anegawa (Angara) . . .	„	
The Kanzaki (Kazan) . . .	„	
The Matsuye (Sungari) . . .	„	1,740
The Yamahiko (Reshitelni) . . .	Destroyer	
The Satsuki (Viedovi) . . .	„	
The Fumizuki (Silnui) . . .	„	
The Shirinami (Gaidamak) . . .	„	
The Makigumo (Vosadnik) . . .	„	
Total . . .		<u>135,540</u>

At the present time, therefore, Japan has a fleet of 210 vessels, with a displacement of 518,626 tons, as follows:—

Type.	Number.	Displacement in tons.
Battleships . .	13	190,406
Armoured cruisers . .	12	129,082
Other cruisers . .	52	171,737
Destroyers . .	55	20,079
Torpedo-boats . .	78	7,322
Grand total . .	210	518,626

It must not be supposed, however, that she is satisfied with this. The Japanese admiralty have decided upon a large scheme of re-armament, the 6-inch guns on existing ships being abandoned in favour of a smaller number of 10-inch guns. The 10-inch gun appears to be a favourite one with the Japanese naval authorities, and I recall with interest an observation let fall by the naval officer who escorted me over the yard at Kuré, that in his opinion a greater effect could be produced by an armament of 10-inch than 12-inch guns, owing to the greater number of the former which it was possible to mass on a vessel, and the superior rapidity with which they could be fired. With the monster ships, however, which are now proposed, these considerations do not appear to carry weight, for it is said

that arrangements are rapidly progressing for the construction of four mammoth vessels — i.e., two battleships and two cruisers, each carrying enormous armaments of 12-inch guns. According to details published in the Japanese press, the two cruisers will have a displacement of 18,650 tons, a horse-power of 44,000, and a speed of 25 knots. Their armament will consist of ten 12-inch, ten 4·7-inch, and a number, as yet uncertain, of 6-inch guns. Of the two battleships, one is to be laid down at Yokosuka during July (1908), and the other at Kure before the end of the year. They are to have a displacement of 20,800 tons, a speed of 20 knots, armour of 12 inches, and a principal armament of twelve 12-inch guns. Truly a formidable programme for a Power heavily burdened with debt due to war, and one which must be read in the light of the declaration of the Finance Minister already alluded to, if its significance is to be appreciated and understood.

Let me return for a moment to my visit to the dockyard. Not far from the newly constructed Japanese ship lay an erstwhile

Russian ship, the *Orel*, now known as the *Iwami*,—no longer the grimy battered wreck that had escaped annihilation only by surrender, and been escorted by Japanese cruisers from the fiery hell of Tsushima to Maizaru, but a trim and useful addition to the navy of Japan. The last act played by the *Orel* in the passionate drama of the Sea of Japan has been painted in lurid colours by eyewitnesses of the scene—a scene which portrays in all its ghastly horror the hideous reality of modern war. A third of the crew lay dead or wounded, the cries of the mutilated and the dying rose shrill above the storm of shot and shell, until human nerves broke down beneath the terrible ordeal, and panic and demoralisation reigned supreme. Down into this frenzy of human suffering and despair came the callous order from the conning-tower—"Dispose of the wounded." The order was ruthlessly obeyed. "The work was carried out principally by petty officers, and no mercy was shown. Men were picked up and cast into the sea like so much useless ballast. . . . The scenes that preceded the capture of the battleship were indescrib-



able, the sea being dotted with wounded men struggling to keep afloat."<sup>1</sup>

Thus vanished from the face of the waters the great Russian Armada that had sailed proudly half-way round the world to meet its doom.

I passed out through the great wall, away from this "valley of the shadow of death," into the sunshine and the joyous, sparkling life of every-day Japan. The sun shone and the children prattled, but from behind the wall came with steady insistence a muffled clang from hammers that rose and fell. Yes, Japan is a fighting nation: the Samurai's sword is his soul.

<sup>1</sup> From a description of the naval battle of the Sea of Japan, published by the Eisho Shuppan Sha.

## CHAPTER XXIV.

## OLD JAPAN.

IN the last chapter I have laid stress upon the strenuous side of modern Japanese life. Not even the bewildering succession of changes of the past half century, however, has been able to obliterate all landmarks from the past. Religion, the great conservative force in every land, swears undying allegiance to Old Japan, and in many a tomb and stately monument rears imperishable altars to a majestic past, while away in the heart of Hondo the traveller may still breathe in the subtle atmosphere which has for all time enveloped "the land of the gods."

Your first excursion in Japan is inevitably by rail. It is probably from Yokohama to

Tokyo, a short journey of half an hour or forty minutes through the series of suburbs which lie between the seaport and the capital. You will probably rave over the plum-blossom or the wisteria or the cherry-blossom, according to the time of year at which you land, and you will assuredly lose your heart to the quaint, lovable children and the little maids carrying baby brothers or sisters nearly as big as themselves upon their backs. When the train steams into the Shimbashi railway station and empties itself of its human freight, you listen in delight to the novel sound of hundreds of pattering *geta* upon the platform, suggestive of nothing so much as the thrumming reverberations of some monster xylophone.

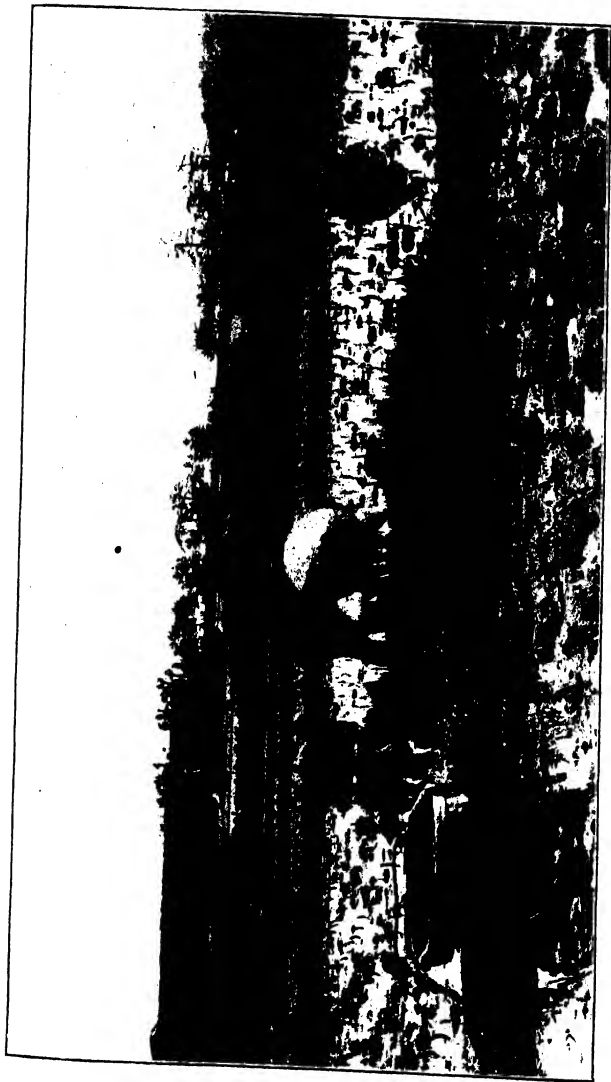
The Japanese railways are narrow-gauge, and prolonged journeys over them, especially during the hot summer months, soon become irksome, for which reason, if for no other, the visitor who is not in a tearing hurry to do a record trip round the world, will soon turn his thoughts to those parts of the country to which railways have not yet penetrated, and where less conventional methods of progress

are in vogue. It is here that you at last find the Japan of your imagination. The roar of New Japan is far—infinately far away. Emerald hills and bubbling streams, distant outlines melting away imperceptibly in soft blue haze, sturdy peasant women knee-deep in mud and water, working desperately to get the rice-field planted in time to be coaxed to maturity by the burning summer sun, tiny temples and altars to nature's gods,—all are here just as they appear in the fascinating and sympathetic writings of Lafcadio Hearne. The sojourner in the East scents a familiar atmosphere and adapts himself instinctively to his environments. He shakes off the restraining thongs imposed by a conventional civilisation with something of relief, and travels once more after the manner of the immemorial East, with his staff in his hand and his loins girded.

Shod with the straw sandals of the country, purchased at the rate of two pairs a penny, I started one summer's morning on a trip into old Japan. We pegged along, I and my Japanese henchman,—a worthy of the old

school, with a name signifying in the English tongue "Little Mountain,"—and towards evening halted at a straggling village and put up, in accordance with custom, at the village inn. We had followed the course of a brawling river, whose banks were lined with precipitous mountains clad warmly with dense forest and piled in tangled masses in all directions. At intervals along the road stood the inevitable *chaya* or tea-house, perched on some overhanging rock, seductively calling to the wayfarer to rest awhile in the shade of its hospitable roof. In common with the frequenters of the road, we accepted the welcome invitation, drank immoderately of the pale astringent tea of the country,—for the summer sun beat pitilessly down on the valley bottoms,—and then tramped on until another *chaya* hove into view to mark another stage in the day's journey. Thus for many days.

The inn of Japan, unlike the *serai* of Western or Central Asia, supplies all the necessities and, in a modified form, some of the luxuries of life. By far the most important part of the building is the floor of



*Working desperately to get the rice-field planted.*



...always of the uniform size of 4 feet by 3 feet; wherefore the size of a room is described by the number of its mats,—a six-mat room or an eight-mat room. It is the most important portion of the building, because every operation, great or small, which calls for performance during the twenty-four hours, must inevitably be enacted upon it. If you desire to sleep you clap your hands for the inn maid, who proceeds to spread quilts for you—on the floor. If you desire refreshment, food—edible if unsatisfying—is served you in tiny bowls, with chopsticks supplied upon tiny lacquer stools—on the floor. You sleep on the floor, you eat on the floor, you sit on the floor, and at the end of twenty-four hours you have exhausted your ingenuity in contriving positions to ease your aching limbs, and are ready to welcome with open arms the rudest and most primitive article in the shape of a chair. Of course the floor is treated with due respect, and to enter a room with your feet shod is to commit a most unpardonable breach of etiquette.

The scenery is varied but invariably de-



lightful. In the early summer whole hillsides are to be seen dotted with magnificent azaleas in full bloom, the flowers so massed upon the branches that nothing else is visible but one glorious blaze of colour — flaming crimson, scarlet, and mauve. "Little Mountain" expanded amid such congenial surroundings, and though he admitted that he had never walked so fast or so far in his life before, he invariably broke into song as he tramped along the mountain highways from Niigata in the province of Echigo, on the west coast of Hondo, to Nikko in the lovely province of Shimotsuke. His voice was not that of a trained singer and sometimes grated, so much so that I told him of a saying we had in England—

"Swans sing before they die, 'tis said ;  
 'Twere no bad thing  
 Should some folk die before they sing."

This gentle hint availed not at all, and "Little Mountain" chanted seraphically to the end of the journey.

Along the valley of the Watarase Gawa, in the province of Kotsuke, masses of mulberry-trees testified to the importance and extent

of the silk industry; while in the vicinity of lovely Ikou, and on the plateau of Karuizawa in Shinano, down upon which frowns the smoking cone of Asamayama, if the signs of wholesale destruction of timber told of the prodigal waste by the people of a valuable national asset, acres of new plantation also bore witness to the fact that the Government of to-day realise the necessity, in the interests of the national economy, of preserving and fostering the natural products of the soil.<sup>1</sup>

<sup>1</sup> The following table, given in Mr T. Masuda's 'Japan,' is suggestive of the immense potential value of the forests of Japan :—

## OAK AND OTHER HARD WOODS.

COUNTRY.	Total area. Acres.	Forest area. Acres.	Percentage of forest to total area.
Japan . . .	88,107,000	54,609,000	61·9
Great Britain	77,109,000	3,038,000	3·9
France . . .	132,506,000	20,741,000	15·6
Germany . .	133,364,000	13,995,000	10·5
Austria . . .	74,178,000	24,151,000	32·5
Hungary . .	80,275,000	22,198,000	27·6
Italy . . .	70,821,000	11,111,000	15·7

That the Government realise the importance of taking care of the country's forests is made clear by a note under the heading of forestry which appears in the 'Seventh Financial and Economic Annual of Japan,' published by the Department

Much, indeed, of the industrial life of the people may be gleaned by the traveller in the country districts. He will comment upon the fact that sheep are never met with in Japan, and he will be struck by the number of hand-loom in the cottages, on which fabrics

of Finance: "Although for some time after the Restoration, forests in our country seemed to be doomed to destruction by reckless felling of trees, they were subsequently brought under administrative control, and now forestry has begun to attract popular attention as an important industry.

"The forest law at present in force was established in April 1897.

"For the purpose of facilitating the development of forestry, the aforesaid law was revised in April 1907, by which the regulations relating to the forest associations and the use and expropriation of land were newly established.

"For the control of State forests and plains was established in 1899 the Law respecting State Forests and Plains, which makes it a fundamental principle to prohibit the sale, exchange, or transfer of a State forest or plain, except in public service or in furtherance of undertakings of public utility. It also contains provisions for charging cities, towns, villages, temples, or shrines with the control and protection of forests and plains."

It is worth noting that the export of railway sleepers has increased in value from £18,270 in 1898, the first year in which they are found among the articles of export, to £206,810 in 1906; and that her exports of timber, boards, planks, &c., during 1907 showed an increase over that of the preceding five years of £1,058,600, or more than 300 per cent.

of silk and cotton are woven by the peasant folk. It was pointed out to me by Prince Ito, when I commented upon it in conversation at a later date, that it was due to this fact, that so much of the industry of Japan was carried on by hand, that she could not in many cases produce at cheaper rates than European countries, in spite of her geographical position and her cheap labour.

But it was more with a view to giving the reader a glimpse of old Japan, than with a view to drawing a picture of her industrial and economic life, that I embarked upon this chapter.

There are at least two imperishable monuments to the charm of old Japan. From the maritime province of Suruga, Fuji San, the peerless mountain, depicted alike in story and in every form of indigenous art, rears its majestic cone heavenwards to a height of 12,365 feet. In the adjoining province of Sagami, the far-famed Buddha of Kamakura excites the admiration of travellers from all lands.

In August, when the cap of snow has

almost disappeared from the crest of the sacred mountain, scores of pilgrims travel to Gotemba, whence the ascent to the shrine which stands upon the lip of the crater is made. The number of persons who drag their protesting limbs up the steep ascent is said to range from 12,000 to 18,000 a year.

I left Gotemba at 2.30 one August morning, and reached the summit at 2.5 on the same afternoon, passing many struggling pilgrims—men and women—by the way. Faithful “Little Mountain” was with me, but being seized by a severe attack of mountain sickness, from which he did not recover until he reached lower levels once more on the following day, dinner and breakfast did not attain to epicurean standards. A floor that might have passed muster in the palæolithic age, doubtfully clean quilts, and none too many even of these, a frigid atmosphere, choking smoke, and herds of enthusiastic and ecstatic pilgrims, are the dominant impressions left upon my mind by my night spent on the summit of the peerless mountain. The view

which I had hoped to enjoy was blotted out by a sea of clouds, out of which rose the summit of the cone upon which I stood, while immediately overhead hung the clear star-spangled dome of heaven.

Having made a small contribution towards the restoration and upkeep of the shrine on the summit, dedicated to the goddess Kono-hana-sakuyahime-no-mikoto, I was somewhat abashed to find that I had become, *ipso facto*, a member of the Fujisan Chojo Okumiya Kaichiku Kyosankai, or Association Organised for the Repair of the Shrine, and that as such I was entitled to claim the following advantages:—

1. A medal and letter of thanks from the Asama shrine.
2. Special treatment (unspecified) whenever making the pilgrimage to Mount Fuji.
3. Entertainment with sacred saké on the occasion of the celebration of the completion of the repairs.
4. The preservation of my name for ever in the shrine itself.

With far less expenditure of tissue one may visit the great Buddha of Kamakura, standing in the open in temple grounds, themselves situated in the midst of idyllic surroundings. Here, indeed, is a glimpse of the East that is dreamed about. All thoughts of factories, mills, and workshops, the toys and vanities of men, vanish like chaff before the wind, and some things in the complex character of a people which before appeared inexplicable become, to some extent at any rate, intelligible.

"And whoso will from pride released,  
Contemning neither creed nor priest,  
May feel the soul of all the East  
About him at Kamakura,"<sup>1</sup>

You pass through an ornamental gateway and on along an avenue of stately trees, and then suddenly you halt involuntarily as the first view of the great image bursts upon your gaze, and you realise instinctively that there stands before you, in all its beauty of outline and symmetry of form, the very apotheosis of the artistic genius of Japan.

<sup>1</sup> Rudyard Kipling.

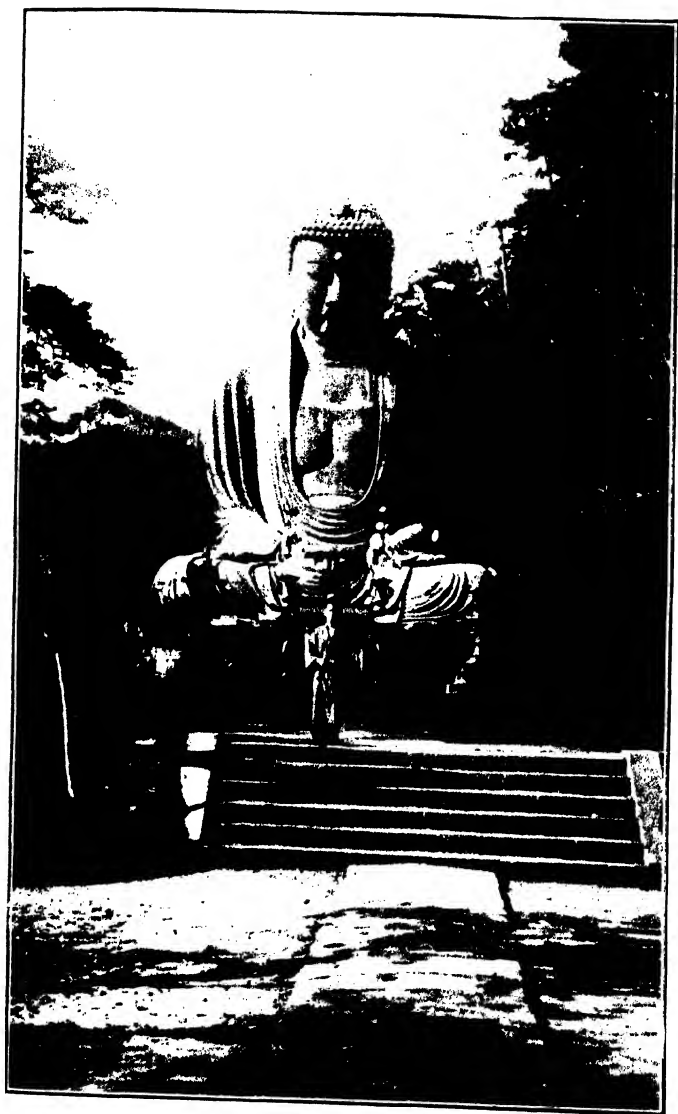
The great image stands in the open, in grounds of exquisite charm, a charm which it is impossible to ignore. Twice I came when the blossom was on the cherry-tree and the camellia was in flower, when the fresh green feathery leaf of the maple showed bright against the sombre-hued background of cypress and fir. Men and women in bright *kimonos* passed up the steps, halting at the top to bow and breathe a hurried prayer, and all round elf-like children made quaint and incomprehensible progression upon high and hopelessly inconvenient-looking clogs of wood. And because of the beauty of the scene, or for some other reason, perhaps, which did not admit of analysis, I came again, not once nor twice but many times, when clouds scudded angrily across a lowering sky, and again when the heat of a summer midday filled the wooded glens and hollows with billows of soft blue haze, and each time the beauty of the scene appeared to me to grow. Yet amid all the charm of changing scene the idea that rushes irresistibly uppermost in the mind is that of absolute immutability. In the



infinite peace which seems to find materialisation in the expression of divine calm on the face of the Buddha, is a mute and inexorable challenge to change and time. The setting varies with the season, but the great image remains the same, untouched by the passing of time, heedless of summer and winter, spring-time and autumn, unconscious of the men that come and the generations that have gone, wholly absorbed in sublime meditation and that perfect peace which only dawns with the final annihilation of passion and desire. All else falls into insignificance before that expression of unearthly calm—of complete and immense repose.

Perhaps nothing bears stronger testimony to the prosaic, phlegmatic character of the sturdy adventurers of the seventeenth century than their callous indifference to what they regarded doubtless merely as a heathenish idol.

"This image," wrote Captain John Saris in his diary of September 12th, 1613, "is much revered by travellers as they pass there,"—a form of weakness, however, which



*The Great Buddha of Kamakura.*



he was careful to show was little affected either by himself or his followers, for he adds, "Some of our people went into the body of it, and hooped and hollowed, which made an exceeding great noyse. We found many Characters and Marks made upon it by Passengers, whom some of my followers imitated and made theirs in like manner." The ravages perpetrated by the travelling vandals of the present day have indeed called forth a pathetic appeal from the Prior of the Order charged with the custody of the image, which greets one at the entrance to the grounds: "Stranger, whosoever thou art, and whatsoever be thy creed, when thou enterest this sanctuary remember thou treadest upon ground hallowed by the worship of ages. This is the temple of Buddha and the gate of the eternal, and should therefore be entered with reverence."

One would fain linger in such a spot, the home of eternal peace; but almost within a stone's-throw of Kamakura the hum of the busy naval yards at Yokosuka rises upon

the air, telling and re-telling the story of fifty years, that Japan has renounced her seclusion from the world and has been swept into the vortex of international rivalry and competition.

## CHAPTER XXV.

## INDUSTRIAL ACTIVITY IN JAPAN.

FEW will be found to deny that the Japanese are a fighting people. Nevertheless, it would be a grave mistake to suppose that Japanese ambition has seen its consummation in the capture of Port Arthur or on the blood-stained battlefields of Mukden or Liao Yang. Japan is advancing with a fixed determination towards the goal which still stands far off on the horizon of the future. Military ascendancy may pave the way; but military ascendancy is by no means the only end in view. Political power supported by military prestige, commercial and industrial supremacy in East Asia, a dominant voice in the destinies of the Eastern world,—such are the objects towards

the attainment of which the national energy is being turned. It is in the factory and the workshop as much as in the arsenal and the dockyard that the key to the future will be found,—amid the roar of machinery and the hiss of steam, and the unceasing whirr and crash of the spindle and the loom.

For the successful achievement of her appointed programme peace is an essential condition. Better than most men the courageous statesmen who were responsible for the signing of the Treaty of Portsmouth knew this to be so, and, with their gaze fixed steadily into the future, they did not hesitate to face the storm of public indignation which they knew their action must provoke. The world applauded and the people stormed. A military escort,—no mere guard of honour,—the groans and hisses of the populace, and rows of white flags in place of bunting along his route, constituted the home-coming of the envoy of Japan, while the fury of the misguided mob found uncouth expression in parading before the popular gaze gory representations of the detruncated head of the President of the

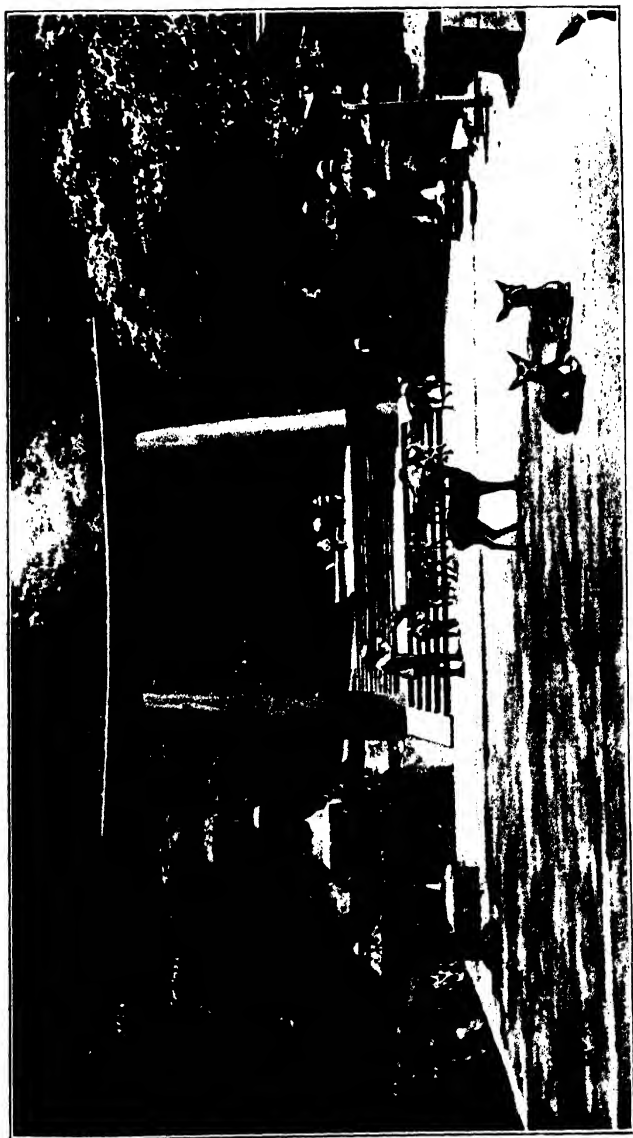
United States, as the promoter of the conference which had been the means of disappointing them of their hopes. Misled by the tone of the native Press, which had foreshadowed a large indemnity, public feeling for a time ran high, until, with the publication of the terms of the newly contracted alliance with Great Britain, soberer counsels prevailed, and the nation resumed once more its appointed path of progress.

It need hardly be pointed out that there is much that is of supreme interest and importance to Englishmen to be found in the industrial and commercial Japan of to-day. Not the Japan of fancy, depicted in a voluminous literature as a land of temples and tea-houses, a sort of quaint earthly paradise existing solely for the benefit of the flotsam and jetsam of the restless West, where the twang of the *samisen* fills the air and the alluring charms of the laughter-loving, almond-eyed *geisha* reign supreme, and where the cares and responsibilities and conventions of the prosy West may for a space be conveniently laid aside; but the Japan which has



of recent years excited the attention of more sober pens, the Japan whose pulse beats quickest in the busy thoroughfares of industrial centres and amid the bustling activity of great commercial ports. The temples of Nikko and the tea-houses of Kyoto, the lovely scenery of Chuzenji or Miyajina, still draw and fascinate a vast annual concourse of the pleasure-seekers of Europe and America; but in the factories of Tokyo and Osaka, in the dock-yards of Nagasaki, Kuré, and Yokosuka, amid the furnaces and steel works of Wakamatsu, and the coal-pits of Kyushu may best be seen and appreciated the real spirit of modern Japan. These things find no place in the recognised programme of tourist travels, which accounts for the existence of an unfortunate scepticism as to the industrial and commercial ambitions of Japan.

Yet history can show no parallel to the achievements of her people in this direction in recent years. It is no small thing that in the course of two decades she should have built up a foreign trade from a modest total of less than £10,000,000 in 1887 to a sum



*A land of temples and tea-houses.*



little short of £95,000,000 in 1907,<sup>1</sup>—a total, that is to say, for her population of 48,000,000, which falls short of the total foreign trade of China, with a population more than eight times as great, by only £18,000,000. In a space of thirty-five years she has constructed 5000 miles of railway, exclusive of her undertakings in this direction in Manchuria and Korea; and in face of the opposition of a vast existing competition she has created a mercantile marine of upwards of 6500 steam- and sailing-vessels, with a displacement little short of 1,400,000 tons. Not only has she succeeded in many lines in supplanting in her own dominions the products of Western factories with the products of her own,—a development about to be further facilitated by a recent revision of her tariff law,—but her manufacturers are daring to compete—and compete successfully—with the manufacturers of Europe in the adjacent markets of China and Korea. In her naval yards monster battleships of the latest type are being built, while her private dockyards are finding a new source of profit

<sup>1</sup> £9,872,676 in 1887 and £94,619,022 in 1907.

in the supply of torpedo-boats and other craft for an embryo navy for Peking.

An atmosphere of feverish activity pervades the mills of Tokyo and Nagoya, Hiogo, Yokkaichi, and Osaka, where day and night alike may be heard the ceaseless roar and hum of wheels gyrating noisily in violent and perpetual motion. The half million spindles which ten years ago were described as "challenging the command of the Far Eastern market" are represented to-day by treble that number, with a capital of close upon £4,000,000 and a half-yearly output of 184½ million pounds of yarn. I found in Osaka a cotton-spinning company paying a dividend of 40 per cent, and upon referring to statistics I learned that in 1905 the port of Kobe alone showed an increase in the value of her imports over 1904 amounting to £5,375,000, of which amount £3,419,000 stood for an increased importation of raw cotton and machinery. In a single shed at one of the mills of the Miyé Co. at Yokkaichi I saw 1000 steam-looms turning out a ceaseless stream of sheeting for the markets of Manchuria and

Korea. The large profits, indeed, made by the cotton-spinning companies in 1905, owing to the low price of Indian and American cotton at the beginning of the year, and to the further fact that they had previously sold their production as far ahead as May and June, had placed them on a firm footing, and was inducing such directors as were able to resist the grasping demands of avaricious shareholders for colossal dividends, to still further increase their plant. In many of the large spinning-mills English machinery, bearing dates as recent as the last three or four years, was to be seen, and inquiries at various mills elicited the information that the spindles of the country were being increased by many thousands at the time.

With cheap labour, cheap coal, an unrivalled geographical position, and an abundant water-power, the value of which is being rapidly recognised, as is proved by the vast schemes for making use of it which are under consideration at the present time, the manufacturers of Japan would appear to have solid advantages on their side in the fierce struggle for

supremacy in Far Eastern markets; and the increased value of the export of the chief cotton manufactures<sup>1</sup> from £2,598,145 in 1902 to £4,868,767 in 1906, in spite of the drain upon the resources of the country owing to an exhausting war, points to the conclusion that such advantages are not being wasted. Upon the actual value of these advantages I shall have something further to say: for the moment I desire merely to emphasise the tendency of Japanese trade, and the determination of those engaged in it to encourage the importation of raw material and productive machinery, and the export of manufactured goods. That this process, which I observed in the course of my inspection of many factories and her chief commercial ports, is still in progress, is shown by the following observation in Mr Consul Bonar's report on the trade of Kobe for 1907: "There can be no question as to the tendency of Japan to take less and less of wholly manufactured

<sup>1</sup> These articles are: cotton yarn, cotton blankets, cotton flannel, cotton crape, nankeens (imitation), shirtings, T-cloths, and towels.

goods, and the striking increase in machinery, —the only manufactured goods whose import shows any notable increase, —which prevents this section from showing a decrease, is an example of the determination of this country to manufacture for itself." Her trade for the first half of 1908 continues the story, the principal increases in her imports during that period being in machinery and articles for manufacturing purposes; and it is interesting to note that the anxiety displayed by some at the excess of imports over exports during the six months is ridiculed by Mr Ichinoi, President of the Tokyo Trading Company, who points out that the excess of imports is due mainly to Japan's purchases of machinery for productive purposes, and that such imports are a subject of congratulation rather than of anxiety, since they add to the country's producing power, and consequently to the future growth of her export trade.

In the city of Osaka may be seen a microcosm of Japanese modern industrial life. Ever the pioneer in industrial enterprise, the city has flourished amazingly during recent years.



and boasts of a population which, already aggregating upwards of a million souls, is increasing at the rate of from seventy to eighty thousand a-year. No longer content to rely upon the adjacent city of Kobe for a port, her people have already expended £2,250,000 upon the construction of a harbour, and are prepared to spend a similar sum in providing themselves with a thorough system of electric trams. Ere long they anticipate sharing in a colossal scheme for generating a force of 45,000 horsepower through the agency of the waters of an upland lake. The city is credited with over 5000 factories and workshops, responsible for a production exceeding in value £10,000,000 a-year, and spinning-mills, weaving-establishments, dockyards, iron-works, sugar-refineries, cement-works, chemical-works, brush-factories, and match-factories conspire to array her in the smoke-begrimed garb of the manufacturing centres of the West, and to impart to her thoroughfares an appearance of immense activity.

What Osaka does to-day a whole posse of

admiring and aspiring followers may be counted upon to do to-morrow,—and surprising results have accrued. Bristles are imported from China and Europe, bone from England and Chicago, teak and ebony from the Dutch East Indies, freight and import duties are paid, the raw materials made up into tooth-brushes, nail-brushes, and hair-brushes at the rate of many thousands a-day, freight on the finished article paid back to Europe, and Messrs Kent under-sold in the London market! Two or three years ago Japan was a large importer of refined sugar; to-day she is exporting the commodity to China, Korea, and Hong Kong. The little town of Moji, itself only fifteen years old, I found exporting 20,000 casks of cement to San Francisco,—a single example of many of Japanese good arising out of American disaster. It having been observed that the importation of printed calicoes had reached in value a sum of £2,000,000 a-year, £100,000 was subscribed with a view to establishing the industry in Japan. The manufacture of glass, already exported in small quantities, I found about to

be stimulated by the formation of a foreign and Japanese company with a capital of £150,000. In the camphor of Formosa is to be found a valuable adjunct in the prospective manufacture of celluloid; and no little interest was being evoked by the erection of an Armstrong explosives factory in Japan. Within a stone's throw of the gorgeous temples at Nikko, the prosaic sheds and chimneys of a flax-spinning mill stand boldly for New Japan, and when you enter a protest at this crude invasion of sacred ground, you are met with a shrug of the shoulders and the incontrovertible reply that the fall of water supplies a force of many hundreds of horse-power, and that whereas linen was formerly purchased exclusively from abroad, its manufacture now gives occupation to many hundreds of people at home.

Perhaps enough has been said to show the strength of purpose and intention which inspires the manufacturing classes in Japan. But just as in military matters Japan as a whole may be likened to one great machine, controlled and directed by the master mind of the Government, so may Japan as a com-

mercial and industrial force be said to be dominated and guided by the far-seeing wisdom of the powers that be. It is of supreme importance, for the attainment of the ultimate goal to be reached, that Japan should become a commercial and industrial nation, and the merchants and manufacturers of the country constitute, therefore, an important portion of the whole machine, demanding careful and expert handling by the controlling mind. Hence an attitude of paternal interest and solicitude towards commercial and industrial development is to be observed on the part of the Imperial Government. Bounties and subsidies are the order of the day. State funds are allocated for the experimental production of cotton in Korea. "If Korea can ultimately supply this cotton," declared the Minister of Finance, "a very radical change will be effected in the cotton industry of Japan." Bounties are granted to shipbuilders and subsidies to shipping companies, and the nation's shipping grows apace. Freights on the railways prove unsatisfactory and lack uniformity, and, rightly or wrongly, the Government steps in and

acquires the country's communications for itself. The holders of railway stock may raise objections and Ministers may resign, but the will of the Government prevails. Where private enterprise fails, the Government itself steps in. I found that two and a quarter million sterling had already been swallowed up in a heroic endeavour to plant an exotic industry upon an uncongenial soil, in pursuance of which an array of coke ovens, blast furnaces, and steel plant had been erected at the national steel works of Edamitsu, and coal and iron mines had been acquired. Caustic criticism as to expenditure leaves the will of the ruling powers unscathed, and further increases are made. The word went forth that the capacity of the coke ovens should be increased, and I learned that, in conjunction with the Admiralty, their capacity was to be raised from 500 to 1000 tons a-day, and additional blast furnaces and Bessemer furnaces were to be set up. Steel rails, steel plates, steel girders, steel tyres and shells, were being turned out at the time of my visit, and 180,000 tons of

steel was the estimated output in another two years' time.<sup>1</sup>

While labour laws are conspicuous by their absence, legislation is undertaken in the interests of the business classes. In 1900 a law was passed for facilitating the formation of business guilds and incidentally freeing such guilds from income and business taxes. For the purpose of the act such guilds are defined as "corporations having the status of juristic persons, which are formed for the purpose of developing the business or the finances of the members, and with the following objects :—

- I. To lend the capital required by members.
- II. To sell articles produced by members, with or without the addition to such articles of skilled work.
- III. To buy, and sell to members, articles necessary for their business.
- IV. To apply skilled work to articles produced by members."

<sup>1</sup> It is said that up to the present time (1908) the foundry has cost the nation £6,000,000. (Diplomatic and Consular Reports: Trade of Japan for the year 1907.)

In the same year a law to facilitate the formation of "Staple Commodities Identical Business Guilds" was passed, the object of "Identical Business Guilds" being laid down to be "by combination and agreement amongst its members to correct defects in a business and to promote its interests."

It may be observed that in both these enactments are included provisions calculated to effectively place the control of such guilds in the hands of the State.

Difficulty in securing foreign capital was found owing to a lack of suitable security for foreign loans, and the mortgage law of 1905 was passed, enabling Japanese companies engaged in mining, railways, and manufacturing to pledge their property as security, thus facilitating the acquirement of foreign capital at lower rates of interest. "Prior to the passage of these laws," wrote Mr Hunter Sharp, American Consul at Kobe, on June 30th, 1906, "the rate of interest on foreign loans varied from  $7\frac{1}{2}$  per cent to 9 per cent, while shortly after they became effective some loans were made as low as 5 per cent."

Coming events cast their shadows before, and in the new tariff law of March 1906 may be found an indication of the probable fiscal policy of the country at the expiration of the existing conventional tariffs, which tie her hands till 1911. On June 16th of the present year (1908), Count Okuma addressed a meeting of the United Chambers of Commerce in Tokyo. He pointed out that it was essential for Japan to bring about an alteration in her continuous adverse balance of trade. He then went on to say that the time was rapidly approaching when Japan would have an opportunity of radically revising her Customs tariff, and it would then be for her to decide *by the light of the above considerations* whether she would adopt a policy of protection or make the collection of revenue her principal object. Coming from a free trader<sup>1</sup> such a speech is significant,

<sup>1</sup> Though Count Okuma does not actually declare himself in favour of a protective tariff in the above speech, he certainly appears to point to its advisability. If this be so, he must have modified his views during the past two years. When I had the advantage of discussing the matter with him in 1906, he spoke with disapproval of the tariff law of the spring of that year, as being opposed to a policy of Free Trade. While admitting that it was so, he expressed regret at the undoubted



and it is hardly too much to say that reservation of the home market and protection and encouragement of home industries are clearly foreshadowed,—such protection as will enable Japan to stand independent of the West, and to possess a commanding voice in the moulding of the commercial destinies of Asia.

In the foregoing pages some idea has been given of the present industrial and commercial activity of Japan, and of the avowed determination of the Government to do everything in its power to foster and encourage the

fact that the educated classes, inspired by a spirit of patriotism and by the example of America and Germany, were becoming imbued with a spirit favourable to a policy of protection. It may be of interest to add his observations upon a change in her fiscal policy by Great Britain, which I took down at the time: "I advocate the adoption of Mr Chamberlain's policy by England, believing that it would result in an armageddon of tariff wars. Just as you get calm after a great storm," he went on to say, "so would we enjoy a period of calm and peace after an all-round tariff war!"

It is worth noting that, in spite of the existence of conventional tariffs with most of the great Powers, Japan has succeeded in increasing her duties during the past three or four years, the average *ad valorem* rate of duty on dutiable goods having risen from rather under 10 per cent in 1904 to rather over 15 per cent in 1907. This is chiefly due to the tariff law of 1906 already referred to.

industries of the country. The question which will naturally be asked is, What are her prospects of success in carrying out the ambitious programme which she has set herself? I shall endeavour to give an answer to this all-important question in the two following chapters.

## CHAPTER XXVI.

## NATIONAL ASSETS.

IF the activity to be seen in the mills and factories of Japan suggests that the prospects for her commercial and industrial future are bright, it must also be observed that the difficulties which lie athwart her path are by no means insignificant. In the matter of natural resources she cannot compare with a country like our own, and coal, copper,—a valuable asset in view of the world-wide and increasing demand for electrical appliances,—cereals, timber, marine products, silk, and tea may be said to comprise the most prominent items among her indigenous resources. Iron exists only in moderate quantities, and the export of tea must be described as a diminishing industry.



*Timber, one of the national assets of Japan.*



Of all her exports, that of silk is by far the greatest, while that of cotton goods, as already indicated, is destined to increase. It is interesting to observe that of a total export trade of rather more than £32,000,000 in 1905, approximately £16,500,000 was represented by the various products of silk and cotton, while copper, coal, tea, matches, marine products, porcelain, drugs and chemicals, mats and matting, straw-braid, tobacco, paper, and camphor come next in order of value. This proportion has been preserved with extraordinary faithfulness up to the present time, silk and cotton goods being responsible for a sum of £22,044,500 out of a total export trade valued at £43,258,312 in 1906, and for £22,216,600 out of £44,142,147 in 1907. When it is further pointed out that approximately three-quarters of these sums (£16,124,600 in 1906, and £16,378,700 in 1907) represent the value of raw silk and silk products, the paramount importance of the silk industry to Japan becomes apparent.

Nor must it be forgotten, in considering the present and the immediate future, that the

price of victory has been by no means light, and that as the result of the war Japan is saddled with a considerable foreign debt. Japanese financiers, brought up in an atmosphere of desperate financial expedients, have secured consent to a heroic scheme of amortisation, on account of which £11,000,000 is to be allocated annually for the next thirty years to the service of the debt—an amount equal to the sum-total of her revenue of a dozen years ago. With no indemnity to swell the contents of the national purse, as was the case after the Sino-Japan War, the anxiety of the Government to foster trade, and, above all, to build up and increase the exports of the country, is sufficiently intelligible, quite apart from avowed ambitions in the direction of national commercial aggrandisement, and in part explains the prodigious interference on their part in the interests of national industrial competition, as contrasted with a conspicuous absence of official interest in the regulation of the internal industrial economy of the country.

The advantage of cheap labour to a manufacturing community is obvious, and the mere

repetition of the phrase "cheap labour" is usually considered to be a sufficient answer by those who see in Japan a great industrial peril, to those who are unreasonable enough to demand reasonable proof before accepting the crude assertions of the alarmists. Of course the manufacturers of Japan are ardent advocates of cheap labour. Low wages are essential to successful competition with foreign industry, they declare, and as far as factory legislation is concerned the manufacturers have their way. Despite the fact that with the increased cost of living in recent years wages have risen from 50 to 100 per cent, fivepence or sixpence for a day of twelve hours may be said to be a fair wage for women in the spinning-mills, and tenpence to a shilling for men, while many may be seen working considerably longer for appreciably less.<sup>1</sup> For the attitude of cold indifference, if not of open hostility, towards socialistic

<sup>1</sup> I have deduced these figures from my own inquiries in different mills. They are approximately the same as the official figures. The average daily wages of cotton operatives are given as follows in the 'Financial and Economic Annual of Japan' (1907)—male, 36 *sen* (9d.) ; female, 22 *sen* (5½d.)



agitation of recent years, for the promulgation of drastic police regulations for the preservation of peace and order in 1900, for the forceful suppression by the authorities of certain social democratic associations, and for their refusal to accept an invitation to send delegates to the international conference at Berne, held with a view to prohibiting night work by women, the newly arisen aristocracy of wealth no doubt breathed a devout prayer of thanks.

It is worth while, however, to inquire a little more closely into the matter of cheap labour. By the time one has visited a fair number of industrial concerns where labour of various sorts is employed, it is forced home upon one that merely *cheap* labour is not necessarily *economic* labour. The wages paid to individual workmen in Japan are undoubtedly much lower than those paid in England, for instance. On the other hand, the work of the well-paid English workman is very much more valuable than the work of the ill-paid Japanese. For example, in the Kawasaki dockyard at Kobe 7500 hands are employed, and I was informed by the manager that he estimated that the

work done could be performed without difficulty by 4000 British workmen. This estimate was confirmed by the Japanese managers of other factories, and by the foreign manager of the Royal Brush Company at Osaka, who estimated that the work done by three Japanese workmen would be successfully carried out by two French workmen, and that done by seven Japanese women by five French women. It is fair to add, however, that he considered that in spite of this inferiority on the part of the Japanese workpeople his wages bill was less by half than it would be if European labour were employed.

Nor are there lacking signs that the action of the manufacturers in driving the human machine at an excessive speed is likely to rebound upon their own heads. The highly coloured pictures of the delights of city life painted by the procurers of labour for the consumption of the country Hodge, fade sadly under the grim reality of extended hours and diminished pay, and are apt to excite doubts in the minds of the country folk as to the joys and advantages of factory life. Moreover, long hours are inim-

ical to real efficiency, and the general severity of existing conditions can hardly be conducive to the future welfare of the race. Not least among the cares of the employer, too, as a result of all lack of reasonable legislation, must be reckoned the hopeless levity with which the Japanese workman regards—or disregards—the obligations of contract, a state of things productive of an irritating uncertainty as to supply.

If one hesitates to accept in its entirety the bitter assertion of an ardent lover of Old Japan, that “there have been brought into existence—with no legislation to restrain inhumanity—all the horrors of factory life at its worst,” one is at least forced to admit that, judged by European standards, there is much that may well call for redress. When one sees women undergoing the physical strain of a fourteen hours’ day at the hand-loom at a fraction of a penny an hour, when one unexpectedly encounters coal-begrimed and scantily-clad female figures emerging from the coal-pit’s mouth, and when one observes children of ten and twelve toiling through the long weary day in the factory for a pittance of twopence, one cannot but suppose that sooner or later the question of the rights

and the position of labour will call for solution. According to the official returns for 1906, no less than 48,450 out of the 587,851 hands given as being employed in various factories were children (boys and girls) under the age of fourteen. In India, even under the existing law, which has recently been the subject of a report by a Committee appointed by the Government of India to inquire into the conditions of labour, children under the age of nine years may not be employed, and those under the age of fourteen years may not be employed for more than seven hours a-day. In Japan I could find no such regulations, and as I watched the tiny workers in the factories it was borne in upon me that some day the cry of the children will be raised:—

“ ‘ For oh,’ say the children, ‘ we are weary,

And we cannot run or leap—

If we cared for any meadows, it were merely

To drop down in them and sleep.

. . . . .

For, all day, we drag our burden tiring,

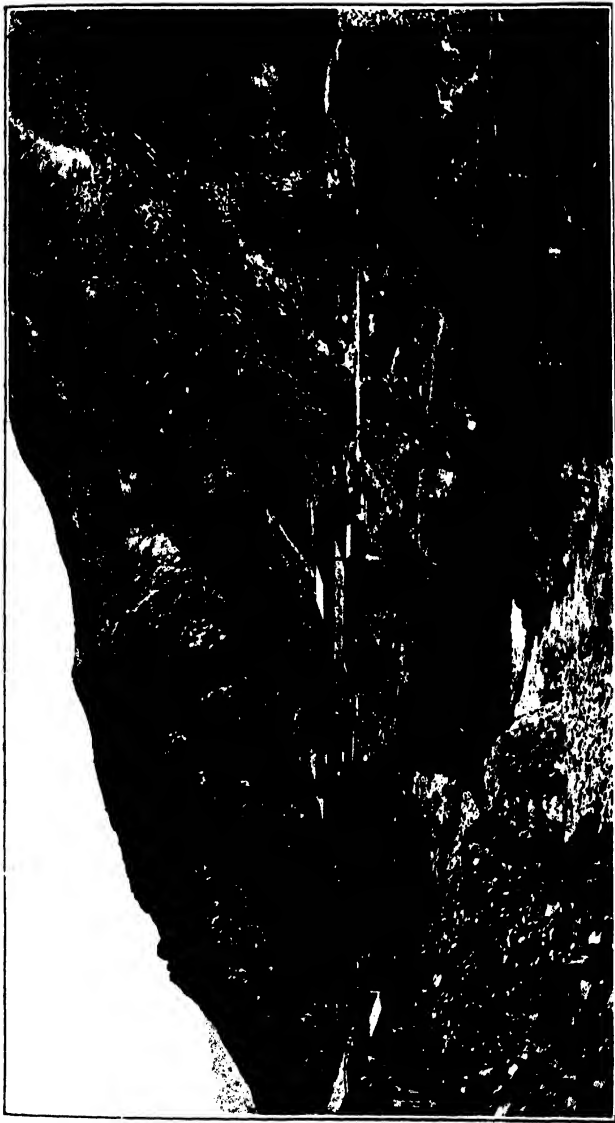
Through the coal-dark, underground—

Or, all day, we drive the wheels of iron

In the factories, round and round.’ ”<sup>1</sup>

<sup>1</sup> E. B. Browning.

For the present the industrial machine grinds relentlessly on in the fierce struggle for advantage in the commercial race, and the women and the children toil patiently by day and by night for the industrial and commercial advancement of Japan; but there are not lacking signs of the growth of an inconvenient labour-emancipation propaganda, calculated to bring about the re-enactment upon the Japanese stage of the all too familiar scenes culled from the socialistic *répertoire* of the West. There have been isolated strikes from time to time during recent years, but for the first time in her industrial history the year 1907 has seen a number of serious differences between labour and capital. From such different classes as miners, dockyard hands, cotton operatives, sugar-refiners, and tailors have come demands for increases in pay; and disputes between the men and the employers at the Ashio and Besshi copper-mines resulted in serious trouble and the introduction of the military, the damage effected in the two mines amounting to nearly half a million sterling. The men employed in the Ashio mine, which



*The great copper mines at Ashio.*



I visited during my stay in the country, demanded an increase of 60 per cent in their wages; but it appears that they did not even wait to learn the final decision of the managers upon what can only be regarded as an exorbitant demand, but stormed and captured the works, seizing the stores, abstracting the provisions, and setting fire to the offices. The most significant feature of this outbreak is to be found in the fact that it has been attributed in large measure to the influence of certain socialist leaders, who had organised a *shisei-kai* (truth-party) among the miners, and habitually preached doctrines calculated to produce discontent.

Many employers of labour with whom I discussed the labour question admitted that it was a problem which would have to be faced, but the general opinion seemed to be that there was no prospect of serious difficulties arising between capital and labour for some time to come. In light of the events of 1907, it seems possible that the wish was, to some extent, father to the thought. I must admit, however, that in some of the



factories, at least, which I visited, I found excellent relations obtaining between employer and employed. In the case of one employer, engaged in the production of raw silk, silk fabrics, tea, and saké, I found a system of a patriarchal character in vogue—board, lodging, and medical attendance being provided free, in addition to small money wages. In most cases I found manufacturers complaining of the difficulty of procuring labour: here, on the contrary, I learned that in spite of what appeared to me to be severe work—women being employed at the hand-loom during ten and a half hours out of a twelve hours' day for a wage of 4½d.—no difficulty was experienced in obtaining all the labour required.

Before leaving the question of labour, it is worth pointing out that even under present conditions the price of labour has considerably advanced. The daily wages of a carpenter, which averaged 7½d. in 1894, stood at 1s. 3d. in 1905; those of a blacksmith, which averaged 7d. in 1894, at 1s. 2d. in 1905; those of a shipwright, which averaged

7½d. in 1894, at 1s. 4d. in 1905; a farm-labourer who contracted for £1, 18s. for a year's work in 1894, contracts for £3, 17s. to-day; and so on throughout the whole scale of employment. What this means upon cost of production is sufficiently obvious, and may be illustrated by a single example—that of the cotton industry, where we find that the price of a bale of cotton yarn has risen from £8, 17s. 6d. in 1895 to £12, 13s. in 1905.

Cheap and abundant coal has been mentioned as another economic asset in favour of Japan. This has undoubtedly been the case in the past; but with the general rise in the price of labour, the price of coal has inevitably risen too. The Chickuzen valley in Kyushu is the greatest coal-producing district in Japan, having an output of 6,000,000 tons a-year, out of a total output for the whole country of about 11,500,000 tons. The manager of some of the chief mines in this district informed me that wages had risen from 50 *sen* per man before the Russo-Japanese War to 70 *sen*, and early in the summer of the present

year a strike on the part of the coaling coolies at Moji resulted in a further 10 per cent increase in their wages.

The manager of a large cotton mill at Nagoya told me that coal which had cost him 15s. a ton at his factory door before the war, cost him from 25s. to 27s. now;<sup>1</sup> and according to the British Commercial Attaché at Tokyo, the price of coal "has risen so much of late years that the costs of production for those mills which require to use a great deal of it have grown to an unthought-of extent. . . . Coal which in 1903 cost about 11s. 5d. a ton, had increased to between 13s. and 14s. in 1906 and 1907."<sup>2</sup> According to official returns, a total output of 5,000,000 tons of coal in 1896 was valued at approximately 12,750,000 *yen*, whereas a total output of rather more than 11,500,000 tons in 1905 was valued at 40,250,000 *yen*—a remarkable increase.

<sup>1</sup> This certainly sounds like an over-statement; but I took the figures down at the time.

<sup>2</sup> Diplomatic and Consular Reports: Trade of Japan for 1907. It is not stated whether this is the price of coal at the pit's mouth.

There is little doubt, however, that the output of coal in Japan can be greatly increased,—according to Mr Takashi Masuda, managing director of the firm of Mitsui & Co., the present output could be doubled without much difficulty,—and the nation has acquired a valuable asset in this respect in the coal-mines of Fushun, in Manchuria. Moreover, the physical configuration of the country lends itself to the generation of water-power to a remarkable degree, and the formation of an Anglo-Japanese combination for generating electricity by water-power is at the present moment in an advanced state. The capital to be raised in London is already under-written, and many of the foremost business men in Japan have taken large numbers of shares. A contract has been secured for supplying electric power to the Tokyo railway to the extent of 20,000 horse-power, and further applications from manufacturers are anticipated at an early date. It is estimated that when the whole scheme sees completion the power obtained will amount to 130,000 or 140,000 horse-power.

On the whole, therefore, Japan may be said to be in a favourable condition as far as motive-power is concerned.

As regards geographical position little need be said, since her advantageous situation with regard to Far Eastern markets is plainly apparent. It is not disputed, moreover, that the advantage of this proximity to the consumer is accentuated by State-aided transport. I myself came across instances of goods being shipped from Niuchwang to Japan in Japanese bottoms as little more than ballast. Twenty *sen* a *picul* is about the lowest-paying freight between the two places, and in one case I found goods shipped at four *sen* a *picul*, and in another at eight *sen*.

There is some truth, then, in the assertion that Japan possesses certain substantial advantages as a competitor in Far Eastern markets, though they are advantages the value of which may be easily over-estimated, as has already been shown. She has cheap labour, which is not so cheap as is sometimes supposed, and which shows a decided tendency to become less cheap as time goes

on; she has the elements of cheap and abundant motive-power; and she has an immensely favourable geographical position. She suffers, however, from certain racial characteristics which at present militate against her success as a commercial nation, and these are matters of such extreme importance that I propose to devote some little space to a discussion of them.

## CHAPTER XXVII.

## JAPAN AS A COMPETITOR IN COMMERCE.

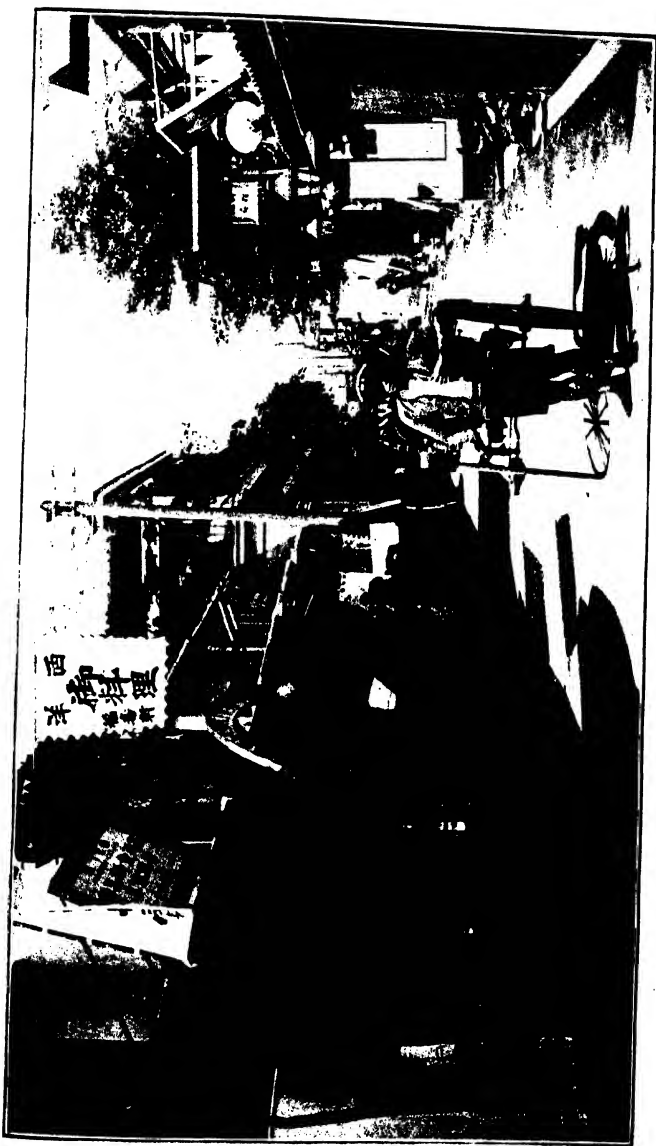
I HAVE often heard it said by those who have watched the progress of Japan during recent years, that the impulsiveness peculiar to the character of her people is liable, as a result of national elation at success, to launch them upon undertakings out of all proportion to their means. That this conclusion is based upon only too solid a foundation is, I think, a matter beyond dispute. It is equally true that they are subject to severe despondency when the inevitable reaction sets in. That immense profits are to be made by a shrewd investor in Japanese concerns is not for a moment to be doubted. When a son of

the land of Sinim casts his bread upon the waters, he does so with the confident expectation of finding it before many days, and it was a Chinese of inscrutable countenance who bought 25,000 Kanegafuchi cotton shares at 35 at the opening of Russo-Japanese hostilities, and who smiled with complacent satisfaction later on as they mounted steadily to 139! A charming villa on the shores of the Inland Sea offers tangible testimony to the perspicacity of Chinese commercial instinct. But if Japanese shares are capable of rapid inflation, they are also peculiarly susceptible to financial depression. With the sudden influx of capital at the conclusion of the Sino-Japanese War, companies sprang up like mushrooms in the night, paid vast dividends for a brief space, and then collapsed, when in due course it was found that the capital had disappeared! Demoralisation and loss of confidence, followed by a period of depression, inevitably ensued.

A somewhat similar tale is told by the history of the period which has elapsed since the Russo-Japanese War. A boom in industry



set in soon after the declaration of peace, to be followed once more by a period of extreme depression, from which the country is suffering at the present time. There are not wanting symptoms, however, that the lessons of the boom and depression which followed the Sino-Japanese War have not been altogether lost upon the Japanese. The present depression is due, in part at any rate, to extraneous factors for which Japan is in no way responsible—namely, the *débâcle* in the copper market, the severe depreciation of silver, and the panic in the United States, all of which seriously affected her trade. The Japanese characteristic already referred to has undoubtedly aggravated the evil, as may be seen from the series of disasters which have occurred in the banking world, no less than twenty-five banks—the majority small village banks which had no right to existence, it is true—having closed their doors between the beginning of the period of depression and June of the present year. It is not to be wondered at that the confidence of the small investor is rudely shaken. But



*-A street in Tokyo.*



apart from unstable and mushroom institutions of this kind, it must be admitted that, at the conclusion of the late war, no little care was taken to prevent any recrudescence of the bubble enterprises of ten or twelve years ago. The very fact that no indemnity was paid had likewise a salutary effect in checking any tendency towards undue expansion, while the moral effect of victory undoubtedly gave the people a confidence in themselves which they had not before enjoyed. The greater sobriety with which industrial and financial problems were approached is clearly demonstrated by a comparison of the figures relating to new industrial enterprises during the two boom periods, which shows that whereas no less than 2449 new companies with a paid-up capital of 224 million *yen* sprang up during the former boom, the number of new companies added to the country's total by the boom of 1905-1907 only amounted to 400, with a paid-up capital of 140 million *yen*.

With a period of universal depression in trade setting in, and with considerable out-

standing obligations to meet as a result of liabilities incurred on account of the war,<sup>1</sup> a period of difficulty lies in the path of the commercial and industrial progress of the country. Conditions which are temporary, however, must not be regarded as permanent; and it is by no means improbable that when the period of depression has passed, as sooner or later it undoubtedly will pass, it will be found that the advantages reaped by the nation at large from the object-lesson of the depression of 1901 and 1902 will have been confirmed and increased by that of 1907 and 1908.

There remains a serious impediment in the way of solid success in the world of commerce—namely, the bad name which Japan has acquired for two reasons: firstly, because of the frequency with which her manufacturers fail to turn out goods ordered up to sample; and, secondly, because of an undoubtedly low standard of commercial morality.

<sup>1</sup> The indebtedness of Japan has increased from £60,000,000, at which figure her liabilities stood prior to the war, to approximately £220,000,000.

From both Chinese and European merchants in the Far East I heard complaints as to the inferiority of the goods supplied by Japanese manufacturers in carrying out their contracts. In their desire to rapidly enlarge their production and their profits, manufacturers accept contracts which they can only carry out by sacrificing quality. This is a serious mistake, especially where the purchaser happens to be a Chinese, for there is no man living who detects with greater certainty, or forgets with greater difficulty, inferiority of quality in the goods which he buys. It is a mistake which is recognised by the Government. In a speech at the opening of a conference of business men at Osaka on May 21st of the present year (1908), Mr Matsuoka, Minister of Agriculture and Commerce, declared that he had reports from officials despatched by him to America to the effect that Japanese household furniture exported to that country compared most unfavourably both in quality and design with that obtained from Europe, and the point which, he said, he desired to enforce

was this, that they must make up their minds to compete with Europeans in the production of strong and well-designed articles, abandoning their old habit of turning out cheap but imperfect goods. Referring to Japan's exports to other Far Eastern markets, he declared that the trade was not making satisfactory progress, and that in his opinion this was due to two principal causes—firstly, the imperfect nature of the manufactured article; and, secondly, the failure to introduce new and improved designs.

Such methods cannot pay in the long-run, though it is quite conceivable—and indeed highly probable—that they may prove profitable enough for a time. Indeed, I found German merchants in China highly indignant at the arrival of a new and successful competitor at their own particular game—the production of that heterogeneous collection of goods known euphemistically as “fancy articles,” cheap and nasty, and usually inferior copies of superior goods: clocks, lamps, ornaments, glassware, crockery, enamel, toilet accessories, and a hundred more. In this

particular branch of industry the trader of Japan excels. As the rhymer has it—

“If ‘imitation’s flattery’

(We learn it at our mother’s lap),

A flatterer by birth must be

Our clever little friend the Jap.”<sup>1</sup>

Still, there is nothing unfair in imitation pure and simple, and the Japanese is entitled to sell as many of his goods as he can persuade his customers to buy, and no one (unless it be the buyer) has any right to complain so long as the means he employs to push his sales are honest and fair.

But when the means employed are not honest, when, as is unfortunately only too often the case, the Japanese trader sells his goods under false colours as the goods of some one else who has a higher name and reputation than himself, then he gives genuine cause for complaint, and in this respect the Japanese trader is unscrupulous to a degree. He takes the Chinese names of old-established firms, and he copies the wrappers and trade-marks of products firmly established upon the

<sup>1</sup> Harry Graham.



market, introducing only such small differences as are not appreciable or intelligible to the Chinese mind. In a country like China, where no "Trade Marks Act" exists, commercial honesty depends entirely upon the integrity of the merchants, and it has been more or less formally recognised in China that "priority of use" is equivalent to registration in other lands. But the Japanese trader cares for none of these things. Let me give examples of the kind of thing which is bringing such odium upon Japan at the present time.

For many years Austria has sold in China large quantities of a particular brand of soap done up in a wrapper on which is printed a wreath of violets. The success of the brand some little time ago produced a German imitation, which, however, on representation being made, was immediately suppressed, and a Chinese Taotai was for once induced to issue an academical dissertation on the matter of false imitations, a copy of which has since been enclosed in every box of soap. To-day the market is flooded with a cheaper and

undoubtedly inferior article from Japan, distinguishable, no doubt, to the European by reason of certain statements in minute Roman character upon the wrapper, but quite indistinguishable to the unsuspecting Chinese, who is, of course, unable to decipher the Roman letters. To increase the deception, a garbled version of the Taotai's proclamation in Chinese character is inserted inside. In one box, containing three tablets of soap, I actually found one tablet wrapped up in an old Austrian wrapper, the other two being in the imitation wrappers manufactured in Japan.

At Chifu the Japanese found difficulty in launching their refined sugar—a new Japanese industry—upon the market, owing to the reputation which Messrs Butterfield & Swire, the long-established purveyors of this article, enjoyed among the consumers of North China. In this case the Japanese interested in the matter approached Messrs Butterfield's *compradore* (Chinese manager), and having ascertained the amount of the commission which he received, proposed that he should sell their sugar with Messrs Butterfield's, the induce-

ment held out being commission at double the rates allowed by his own employers, on all Japanese sugar sold.

Another case brought to my notice was that of a Japanese firm in Korea, who not only copied the trade-marks of the German firm of Meyers, who had a branch at Chemulpo, but who further adopted their name for purposes of commerce !

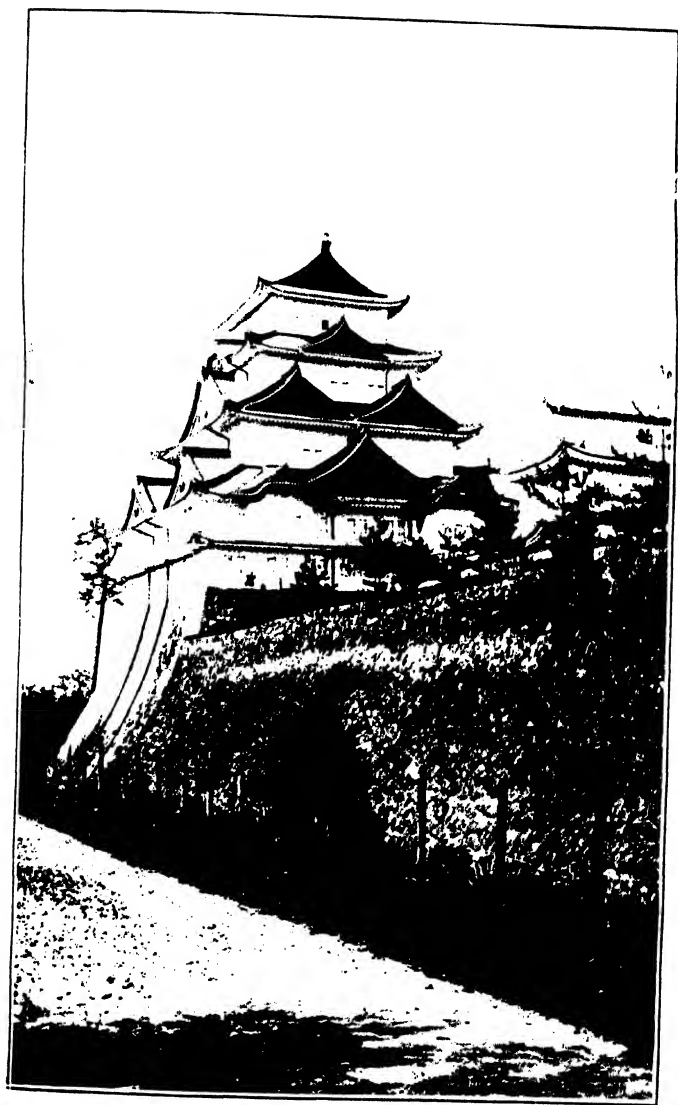
Other cases of pirated trade-marks to which my attention was called were those of a Japanese firm taking the Chinese characters employed by the firm of Carlowitz & Co. with a view to pushing the sale of their soap, and of another Japanese firm who had adopted a trade-mark for their crucibles, which was to all intents and purposes indistinguishable from that attached to the Morgan crucible of world-wide fame. It would, unfortunately, be easy to multiply such instances indefinitely if I were to go beyond my own experience and appeal to other observers. Dr Morrison, for instance, telegraphing to 'The Times' on April 2nd of the present year (1908), informs us that

he has remarked "an extension in a certain class of Japanese trade—namely, in cheap imitations of foreign goods. For example, at Kueiyang Fu, the capital of Kuei-chow province, numbers of Japanese inferior counterfeits of Messrs Rodgers & Sons' razors are sold as British-made"; and the extent to which trade-marks are pirated in Japan itself is sufficiently demonstrated by a despatch penned recently by the British Ambassador in Tokyo, in which he asserts that in a half-hour's walk in Tokyo he can find from ten to twenty imitated British trade-marks. It is an unfortunate feature of the existing law that in the case of a pirated trade-mark registered in Japan by the pirate, and left unchallenged for a period of three years, no remedy should be provided; it is also unfortunate that the law, apart from what are no doubt looked upon in many quarters as its defects, is not by any means invariably satisfactorily administered.<sup>1</sup>

<sup>1</sup> I heard many complaints of the unsatisfactory administration of the law in the Japanese courts, but have refrained from adducing such complaints since they might have been considered to be partial. The following extract, however

The frequency with which charges are being brought against Japan on the score of her lack of commercial honesty, has served to direct the attention of the Government to the matter. Two important conventions intended to deal with the difficult question of the piracy of trade-marks have been drawn up, and were ratified on May 20th (1908) by the representatives of Japan and the United States with a view to securing "the protection of inventions, designs, trade-marks, and copyrights of American citizens and Japanese subjects" in China and Korea respectively. But even more important, perhaps, than the framing of diplomatic instruments are the wholesome strictures of her public men against dishonesty in commercial life. The best among her commercial men deplore the use of methods

coming as it does from so ardent an admirer of Japan as the 'Japan Mail,' may be accepted as at any rate not overstating the case against the courts: "Whether it [the patents law] has been intelligently and efficiently administered by all the tribunals of justice is another question. We do not think that it has. It appears to us that some of the courts have shown palpable want of experience and discrimination."—'Japan Weekly Mail,' May 9th, 1908.



*The old castle at Nagoya.*



I have felt compelled to call attention, and many have spoken out boldly in condemnation of them. In an earlier chapter I have noted the appeal made by at least one of Japan's merchant princes to his countrymen upon this matter;<sup>1</sup> I will only add here the weighty words addressed by the Minister of Agriculture and Commerce to the business men at Osaka on May 21st of the present year (1908), in a speech to which reference has already been made:—

"There is another matter to which I must invite you to pay special attention. I refer to commercial morality. It is very regrettable to have to recognise that there are merchants who even go so far as to suggest that falsehood is a licence permissible in business. That is a terrible mistake. The code of morality for commercial matters is perhaps not required to be so strict as that of religion, but there are two vital canons which must be obeyed. I mean the strict fulfilment of promises and undertakings, and abstention from all attempts to conceal defects in goods. I am very sorry, too, to have to say that some merchants and manufacturers register or imitate trade-marks belonging to other persons if they find that the marks have not been

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<sup>1</sup> See vol. i. p. 20.



registered in this country. To thus steal or copy trade-marks is simply petty cunning, and it does not pay in the long-run, for it means the abandoning of the possibilities of large and legitimate gains in order to snatch a small immediate profit.

Mr Ishii, Director of the Consular Bureau of the Foreign Office, supported the remarks of the Minister for Agriculture. Japan, he said, must march steadfastly along the path of justice, and must allow nothing to daunt her. "What, then, is the path of justice?" he demanded. "It is commercial morality," was his concluding sentence.<sup>1</sup>

<sup>1</sup> In these two speeches there appears to me to be a complete answer to those apologists for Japan who assert that the charges preferred against her, on the grounds of commercial dishonesty, are nothing more than the figment of the distorted imagination of jealous traders, who fear her as a commercial rival. If Japanese commercial morality were all that it should be, it is scarcely conceivable that a member of the Government should be so supremely foolish as to suggest to the world at large that it was not, by going out of his way to lecture an assembly of the business men of the chief manufacturing centre of the empire upon the vital mistake of assuming that "falsehood is a licence permissible in business." If further evidence were needed of the widespread practice among the Japanese commercial classes of perpetrating petty fraud, it would be found in an official instruction recently addressed by the Minister of State for Agriculture and Commerce

Those who wish well to Japan, who admire the many admirable qualities of her people, and who willingly acknowledge her claims to a place among the great Powers of the world, must rejoice at such outspoken condemnation of crooked ways by responsible men in the State. Japan is destined to play a great part in developing the commerce of the Far East, and no one will grudge her any success which she may achieve, provided that her dealings are fair and square and above-board.

That the best men of Japan recognise and deplore the unscrupulous ways of many of their countrymen is beyond dispute. "Forty years ago," writes Mr Takashi Masuda, "the Japanese trader or man of business was looked down upon. He ranked as a member of the fifth class in our social scale; but now the best men in Japan are taking part in business and educating their sons for commercial careers,

to all the Governors of Prefectures throughout the empire, urging them to do all in their power to put an end to such evil practices as the fraudulent imitation of trade-marks and designs; or in the campaign started in a Japanese newspaper, the 'Nippon,' against similar abuses.

and the old traditions of clean-handed honour and valour, which the best of our race have shown in the field of battle, are now being developed in commercial life, and we are bringing 'Bushido' into business." <sup>1</sup> If a friendly critic may venture to doubt the possibility of the immediate or complete transformation of a characteristic which is undoubtedly deeply rooted in certain classes of the nation, he may at least applaud the determination of men like Mr Masuda to do all that is in their power to raise the standard of morality of their country.

It may not, perhaps, be amiss if I conclude this chapter with a few words as to the probable effect of the industrial expansion of Japan upon the trade of Great Britain.

From a perusal of the foregoing pages it will be seen that Japan is bent upon acquiring a great commercial position in the East. It has been made clear, I hope, that she is faced with considerable difficulties which must have a retarding effect upon her ambitions

<sup>1</sup> 'Japan: its Commercial Development,' by T. Masuda, Managing Director of the firm of Mitsui & Co.

for a time; but that whereas some of these difficulties are likely to remain and probably to increase, others are of a temporary nature and will pass away. In the former category must be placed the labour problem, and in the latter her present financial difficulties, due in large measure to her recent war.

The conclusion which I myself deduce from all that has been advanced is, that Japan has a considerable industrial future before her, but that in the long-run her position as an industrial Power will be restricted by the comparative poverty of her natural resources, while her position as a commercial nation may suffer on account of certain national characteristics. Upon this latter point, however, it is not possible to indulge in any confident prediction.

As far as the near future is concerned, I do not see any cause for alarm on the part of Great Britain at the industrial expansion of her ally. In spite of the fact that certain other nations have increased their exports to Japan at a more rapid rate than Great Britain, she is still the largest purveyor of goods to the

people of Japan, the value of the goods which she sends them having reached a sum of close upon £12,000,000 in 1907,—a figure which is all the more remarkable when it is remembered that in exchange, the people of Great Britain took the products of Japan to the value of only £2,250,000. One of the growing items of import into Japan is machinery of all sorts, and it is gratifying to note that of machinery imported in 1907 to the value of £2,827,600, Great Britain supplied more than 52 per cent. In the spinning-mills which I visited, at least 90 per cent of the machinery came from Great Britain. In many cases—such as the case of engines for driving the spindles, &c., in the cotton-mills—I was told that English machines were preferred to others in spite of their slightly higher cost, on account of their superior quality. The manager of a cotton-mill at Nagoya—a graduate of the Tokyo Imperial University, who had learnt his trade as a factory hand in a mill at Oldham—pointed with pride to his Musgrave engine of 400 horsepower, which had been running day and night for nearly twenty years, and which he declared

was as good as the day he bought it. Great Britain likewise supplies Japan with metals in large quantities, especially iron and steel, and with different varieties of woollen materials,—two lines of goods the demand for which should continue for many years. The national iron and steel works at Wakamatsu are only capable of supplying a portion of the home demand, and even so are almost entirely dependent upon China for their supply of raw material. Moreover, it is admitted that under existing circumstances iron and steel cannot be produced as cheaply as they can be bought from abroad, and the superintendent of the works has recently declared that unless coal can be obtained at 8s. or less a ton—which it cannot be at the present time—there is very little chance of the foundry being able to turn out cheap iron. The following figures show the position which Great Britain occupies as a purveyor of metals to Japan at the present time :—

Total imports of iron and steel (pig and	
ingot) in 1907 . . . . .	£425,500
Amount supplied by Great Britain . . . . .	272,000

Total imports, iron and steel (bar and rod, plate and steel, &c.) . . . . .	£2,700,000
Amount supplied by Great Britain . . . . .	1,516,000
Total imports of iron and steel (pipes and tubes . . . . .)	353,000
Amount supplied by Great Britain . . . . .	180,000

As far as the woollen industry goes, it is probable that Japan will always have to import the raw material. I have commented upon the dearth of sheep in the country districts, which must make itself apparent to the most casual observer. Meadows as we know them have no place in Japanese landscape, and the wild grasses on the hills are said to have a fatal instead of a nourishing effect upon sheep. Hence it is not surprising to find that the number of sheep in the empire amounts only to between three and four thousand. It is for this reason, perhaps, that the woollen industry is in a backward state. I do not remember seeing a single woollen-mill in the course of a period of several weeks devoted to factory inspection, if I except a factory in which machine-knitting was in progress. It is possible, however, that a certain amount of

spinning and weaving takes place by hand. In any case, a considerable amount of wool is imported, this item being valued at £1,465,300 in 1907, of which amount £444,500 was supplied by Great Britain and £583,500 by Australia. The United Kingdom almost monopolises the trade in woollen cloths and serges, having supplied these goods to the value of—

£1,499,500	out of a total import of	£1,638,600	in 1905.
£1,353,400	„	„	£1,582,900 in 1906.
£711,500	„	„	£885,500 in 1907.

One word as to Japanese competition with Great Britain in the Chinese market. By far the most important article of import into China is cotton—cotton yarn and cotton piece-goods; and it is precisely to this class of goods that Japanese manufacturers have turned their attention during recent years. The result is that we have heard vague generalities as to the fierce rivalry of Japan in the cotton industry. She does, of course, supply China with a certain amount of cotton goods; but the class of goods which she is at present able to make does not



compete very seriously with British manufactures. They consist of the heavier and coarser fabrics, and compete with American sheetings far more seriously than with British shirtings. While the bulk of the piece goods supplied by America are composed of yarns of twenty counts, those supplied by Great Britain are composed of yarns of forty counts, and in this class of goods the competition of Japan is a negligible quantity. In one mill in Japan, fitted up with looms with American automatic shuttles, the manager complained to me that the operatives were unable to manage their machines satisfactorily, from which it may be deduced that the Japanese mill hand can only be counted upon to manage simple machinery. In many factories, too, I found *mule* spindles being discarded in favour of *ring* spindles, which seems to show that the manufacturers of Japan are concentrating their attention upon the production of the coarser and heavier grades of goods, as already suggested. It is possible that in the future America may be driven by Japanese competition to turning her attention to supplying cloths of higher count to the

Chinese market, in which case Japanese competition will, no doubt, have been indirectly responsible for keener rivalry with Great Britain on the part of other competitors; but for the present, at any rate, this is an eventuality which need hardly be considered. In the highest grades of cotton goods, Manchester stands unrivalled, and if there is to be any competitive article to supply some portion of the increasing demand for these goods, it may perhaps be found in Japanese silk goods of certain classes. There should, however, be ample room for both.

As far as the other great commercial product of cotton goes,—cotton yarns, that is to say,—Japan is already finding the increased cost of production, to which I have already alluded, her worst enemy. The three great competitors in the Chinese yarn market are India, China herself, and Japan. A few years ago Japanese yarns were as cheap as Indian yarns, and 10 per cent cheaper than Chinese. Now, however, Indian yarns hold the first place for cheapness, Chinese the second, and Japanese the last. It is to this rise in price that many attribute the

serious depression at present existing in the Japanese cotton-spinning industry,—a depression which led those engaged in it to adopt a scheme of bonus-bearing sales in the Chinese market—a scheme put into operation but soon discarded—and to knock off night work with a view to reducing production. A writer in one of the Tokyo journals, describing himself as a leading cotton-spinner, gives the following figures, which illustrate the loss in sales which has been proceeding *pari passu* with the increase in cost of Japanese yarns:—

## SALES OF COTTON YARNS IN CHINA.

	1903.	1907.
Japanese yarns .	277,135 bales	190,868 bales.
Chinese yarns .	170,000 bales	321,675 bales.
Indian yarns .	626,970 bales	631,298 bales.

It may be concluded, then, that neither Great Britain nor India has much cause to anticipate any grave injury at the hands of industrial Japan. I have been unable to find solid foundation for the fears of those in whose imagination the apparition of Japan in the character of a damaging commercial rival, has



*A Japanese village.*



assumed portentous and alarming proportions. Her people will, of course, secure their share of the trade of East Asia; but what is lost to other nations in China by reason of Japanese competition in the Chinese market will, in my opinion, be made up to them in the increase which the commercial and industrial expansion of Japan must inevitably create in her own foreign trade.

It may be said of Japan, as Sir Robert Hart once said of China, that the Power which will reap the greatest advantages from the regeneration of the Far East, will be the one which accords to the people of the Far East "the pleasantest sympathy and promises the most effective support, coupled with a broad policy which looks ahead into a far-off future."

## CHAPTER XXVIII.

## JAPAN IN KOREA.

## PART I.: THE COMEDY OF NOVEMBER 1905.

I LEFT Shimonoseki at 9 P.M. one August evening, 1906, and set foot on Korean soil precisely twelve hours later. At 11 A.M. the Fusan-Seoul express steamed out of the Fusan railway station, and at 10 P.M. puffed proudly into the Korean capital. The journey was interesting—and extremely hot. The thermometer, in fact, in our compartment refused to drop below 95°, and I called to mind the quaint remark once made by a native of Siam—"We have a season in the first, second, and third months that is considered very cool. All the inhabitants of the exalted city [Bangkok] put on jackets,

because it is very cool." I felt that if Korea had a season which was very cool, it had not yet arrived. My companions were an English bishop and a young mining engineer, and it was perhaps this company which accentuated the sense of the ludicrous with which I was assailed. To be travelling the whole length of Korea in an up-to-date first-class railway-carriage in company with one of the highest dignitaries of the English Church was a novel experience; but it did not approach in humour to the situation which I found existing in the capital itself.

There I found the dream of Hideyoshi all but realised, for Korea had become to all intents and purposes an appanage of Japan. This fact admitted of no dispute, and the Korean Emperor, despite profuse protestations of admiration and affection for the Japanese Resident-General, was perhaps the only living soul upon whose mind the obvious had as yet failed to dawn. Hidden away in a small room at the back of the least attractive of all the palaces of Seoul, his Majesty still revolved impossible plans in his uneasy mind for the inde-



pendence of his kingdom under an international guarantee. The passing of Korea, however, was accompanied by a series of episodes in which the element of comedy was so inextricably blended with that of tragedy, that the sympathetic onlooker is hard put to it to know whether to laugh or to cry. It was not until victory was finally achieved in Manchuria that Japan was in a position to dictate to the Korean Government the scheme which she had designed for her future welfare. This scheme was embodied in a convention concluded between the two countries in November 1905, to be described hereafter. The way, however, had been paved beforehand, and a few words are necessary to describe the events which led up to the serio-comic situation which began with the arrival of Prince (at that time Marquis) Ito at the Korean capital in the autumn of 1905.

Geographical proximity inevitably drew Korea into the revolving orbit of New Japan. A powerful neighbour firmly established on the adjacent mainland, and in a position to descend at any moment upon the shores of

the island empire, presented to the Japanese mind a state of affairs not to be tolerated; and strong in her belief in the vital importance of providing against any such contingency, she did not hesitate in 1894 to go to war. A whole aggregation of circumstances, indeed, conspired to light up the hills and valleys of Korea with the devouring fires of strife, while a hereditary feud of some centuries' standing with the Power that disputed with her the overlordship of the Hermit Kingdom, gave an irresistible impetus to the policy which was rapidly driving Japan along the road to war. Nor had she been guilty of any miscalculation in estimating the relative value of her forces and those of her foe. The war very soon developed into a procession, and before many days were past every Chinese soldier had been swept off the face of Korea.

But if the task of wiping out the soldiery of China proved a simple one, the ensuing task of reforming and reorganising the inept Government of Korea proved very much the reverse. Of all things in the world, reform in any shape or guise was the very last that

appealed to the immutable conservatism of the Korean mind; and after a brief though breathless period, during which measures of improvement fell like leaves in Vallombrosa, and with as little effect upon the land, the reformer retired from the unequal contest, baffled by a stolid and unyielding resistance against which it was found useless to persevere.

But worse was yet to come. An almost bewildering succession of victories had attended the Japanese arms; China, the hereditary foe, had been smitten hip and thigh and driven effectually from the unhappy country whose inability to manage her own affairs had been the ostensible cause of all the trouble; but here the tale of triumph ceased. The statesmen of Korea were as incompetent as ever to conduct the affairs of their country to the satisfaction of any one but themselves, the troubled waters still made Korea an alluring pool for any one to fish in, and before many days were past another and vastly more formidable Power had stepped into the recently vacated shoes of China. Henceforth the whole force of Japanese diplom-

acy was to be concentrated in a wasting and protracted struggle against the inexorable advance of Russia.

Into the details of the events which followed upon this unpalatable *dénouement* it is not necessary to enter. Korea became the unfortunate shuttlecock in a fiercely contested game, and was hard put to it to decide which of the two players excited her bitterest aversion. War over her protesting but helpless body became once more an inevitable episode, and that it was with Japan rather than with Russia that she finally came to terms was due to the greater preparedness of the former, and to the paralysing swiftness with which she struck the preliminary blow. By a protocol, signed a fortnight after the outbreak of hostilities, the Imperial Government of Korea agreed to place full confidence in the Imperial Government of Japan, and to adopt the advice of the latter in regard to improvement of administration in return for a guarantee by the latter Power of the safety and repose of the Imperial House, and of the independence and territorial integrity of the Korean Empire.

Eighteen months later, with the victories of Japan staring them in the face, the Korean Government agreed to accept the services of a Japanese financial adviser, of a foreign nominee of Japan as diplomatic adviser to the Foreign Office, and further decided that they would contract no treaties with foreign Powers, and grant no concessions to foreign applicants, without first consulting the Government of Japan. The threads of the web were being carefully woven.<sup>1</sup>

The future of Korea was sealed with the final victories of Japan. That Power had the bitter after-taste of the war of 1894 to warn her of the absolute necessity of firm and determined measures, if the sacrifices which she had made at the altar of Hachiman were not to prove barren. She had ten years of national profligacy and international disturbance to point to in proof of the danger to the

<sup>1</sup> The protocols here referred to are those of February 23rd and August 22nd, 1904. They provide two of the landmarks in the passing of Korea, and are given in full at the end of the chapter. Mr Megata was appointed financial adviser, and Mr W. D. Stephens adviser to the Foreign Office.

peace of the world from the prolonged existence of an unrestrained and untutored Korea, and, better than all, she had a trump card up her sleeve in the text of the newly concluded alliance with Great Britain, wherein the recognition of the British Government was given to her paramount position in Korea—backed by the cogent argument presented by the most powerful fleet in the world.

The conditions were as favourable as could be expected, and the way was paved on the conclusion of peace for a renewal of the diplomatic onslaught upon the Korean citadel. Nevertheless, it may well be doubted whether the veteran statesman of Japan, to whose lot fell the task of setting in order the Korean House, looked with any great satisfaction upon the legacy bequeathed to him by his life-long friend and predecessor at the Korean Court, Count Inouye, who had repaired to Seoul with shovel and broom in 1895. However entertaining to the onlookers were the proceedings which now occupied the centre of the Korean stage, they can have been nothing but a source

of intense strain and anxiety to the man to whom all Japan looked to carry them to a satisfactory termination.

So much for the relations between Japan and Korea prior to the autumn of 1905. The Convention of November of that year, which was to transfer the conduct of Korea's foreign affairs definitely and finally to the Government of Japan, had now to be concluded, and it was the negotiations leading up to the conclusion of this agreement that provide an example of the enactment in real life of one of those situations which, in any country except Korea, are reserved for the more appropriate stage devoted to the performance of *opéra bouffe*.

Early in November 1905 Prince Ito repaired to Seoul, bearing gifts from the Emperor of Japan to his brother sovereign of Korea, and *inter alia* a silver vase from the Empress to Lady Om,<sup>1</sup>—indirect testimony to the success which the schemes and pretensions of that ambitious lady had already achieved. On the 15th the Envoy was closely closeted with the Emperor for upwards of three hours—a circum-

<sup>1</sup> The ambitious and masterful consort of the Emperor.

stance which aroused the suspicions of militant young Korea, who made abortive attempts at disturbing the peace by delivering perorations in front of the palace in favour of the independence of their country. The way having been duly paved by the interview of the 15th, a document embodying important proposals was handed to the Government by Mr Hayashi on the 16th—a proceeding which vastly fluttered the inmates of the Korean official dovecots. Both Prince Ito and Mr Hayashi exercised inexhaustible patience in explaining in detail to the Cabinet the imperative reasons for inaugurating a new state of things as between the two countries. Korea's mismanagement of her affairs had in the past seriously jeopardised the relations between the two countries and imperilled the peace of the world. No such situation could be tolerated in the future. Such was the drift of a patient and prolonged explanation. The arguments used bore the impress of an irrefutable logic, the explanations were lucid and to the point; yet the Ministers displayed a paralysing reluctance to take the lead in assenting to the principles



advanced. The Prime Minister, with exemplary modesty, excused himself on the plea of ignorance, inexperience, and incompetence. Prince Ito was quick to point out that while these deficiencies might justly have been pleaded as valid reasons for declining office in the first instance, they could scarcely be held as a justification for refusing to discharge the duties of office when once it had been accepted; and the Minister, quite unable to traverse the incisive logic of the argument, burst into tears and left the room. It is believed that he intended approaching the Emperor, but in the confusion of his mind caused by his grief he inadvertently stumbled into the apartments of Lady Om, and on the following morning was dismissed from office. The dramatic exit of the Prime Minister from the chamber—and as it subsequently appeared, from office—caused a profound sensation, and appeared to strike the remaining members of the Cabinet dumb. No one, at any rate, could be found to burn their boats behind them by actually signifying assent to the terms of the document before them, and the difficulty was

eventually solved, in accordance with the best traditions of comic opera, by Prince Ito declaring that he would put the question for, and accept silence as giving consent. This ingenious solution of an apparently insoluble difficulty gave immense satisfaction to the Cabinet, who were thus spared all further exertion in endeavouring to make up their minds to speak.

On the 17th, diplomacy—intricate and protracted—was the order of the day. The proceedings opened with a luncheon party, given by Mr Hayashi to the Korean dignitaries, at which an animated discussion on the subject took place. Later in the afternoon the whole party, including Mr Hayashi, repaired to the palace to report progress to the Emperor, who had been indisposed on the previous day as a result of the long and momentous interview on the 15th. Here the discussion of the detailed proposals of Japan dragged wearily on through the long afternoon, the Emperor, who remained secluded in another part of the palace, being kept informed at frequent intervals of the progress made. As hour after

hour passed by, the sands of Korean independence slipped slowly but inexorably through the glass; and when at length, at 8 P.M., Prince Ito and General Hasegawa, who had been consuming their souls in patience until they received intimation that the psychological moment for their appearance had arrived, hurried to the palace, it was felt that the supreme moment in the life of at least one nation was at hand. The almost unimaginable vitality of Korean powers of procrastination, however, succeeded in rising to the occasion by one last superb display; and it was not until the cold grey hours of early dawn that the hardly-tried statesmen of Japan emerged from a night of strenuous trial, weary but triumphant, and happy in the knowledge that they took with them in their pockets the title-deed to all they had sacrificed so much to secure. How the discussion waxed and waned; how, as hour after hour sped by, the Emperor sent solicitous messages to the Envoy of Japan, urging him to rest lest the great labour he was undergoing should impair his health; how the Minister, Yi Wan-yong, at length spoke



*Entrance to one of the palaces in Seoul.*



out and deliberately declared that nothing remained but to accept *in toto* the Japanese terms;<sup>1</sup> how the State seal was finally affixed, —all these details transpired at a later date, as did also the full text of the hardly-won convention. Under the provisions of this instrument a Residency-General was set up in Korea, the interests and subjects of that country abroad were placed in charge of the diplomatic and consular representatives of Japan, and the responsibility for her foreign affairs was transferred from Seoul to Tokyo.<sup>2</sup>

The early reception of this revised edition of the Korean polity was not wholly encouraging. The temerity of the Minister, Yi, in first assenting to the terms of the Agreement evoked a retort from patriotic Korea in the burning of his house; the students of certain schools, who showed signs of unseemly commotion, indulged in an enforced holiday from their work; a little harmless stone-throwing brought down upon its authors imprisonment and one hundred blows

<sup>1</sup> Some amendments to the original draft were made, but the substance was preserved.

<sup>2</sup> For full text see end of chapter.

of the bamboo ; and the air became thick with rumours of patriotic suicides, Ministerial resignations, revolution, and civil war. No little truth, indeed, ran through the tangled skein of sensational rumour that now enveloped the capital. The Cabinet handed in their resignation, the Emperor refused to accept it ; the Ministers persisted, the Emperor was obdurate. Result : a Gilbertian situation characteristically Korean — a Cabinet on strike. A change effected in the presidency by the substitution of Mr Pak Che Soon for Mr Min Yong Chöl, whose career as Prime Minister had only extended to hours, failing to bring about any alteration in the situation, as did also a peremptory order from the Emperor for a resumption of work, Prince Ito, at the end of a week, evolved the idea of a huge banquet, which device was successful in drawing the Ministers from their retirement, and in setting going once more the creaking wheels of the ponderous coach of State.

Various earnest if misguided patriots, chips of the old Korean block, achieved momentary notoriety by inspirited protests against ~~the~~

new régime, not infrequently followed by suicide,—a proceeding which received no small encouragement at the hands of the Emperor, who accorded the victims State funerals and flowery posthumous titles. As was remarked at the time, “if his Majesty persisted in distinguishing suicides in this enviable manner, he would not be unlikely to lose several of his subjects.” A notable example of this attitude was that of Mr Cho Pyong-sik, an elder statesman, and at one time special Ambassador to Japan on an abortive mission for the neutralisation of Korea under an international guarantee, who was early in the field urging the Emperor to impeach the Cabinet for concluding the new Convention. Failing in his object, he collected a following of malcontents and proceeded to the palace, where he made violent remonstrance against the new order of things. The following day saw the leader and his band seated at the gate of the Court of Justice awaiting punishment. Towards evening a message of pardon was received from the Emperor, whereupon the stalwart hero proceeded from the Board



of Punishments to the Board of Decorations to renew his protest, and was promptly relieved by the Emperor of all further concern in the Affairs of State. Within twelve days of the signing of the Convention his chief follower, Mr Min Yonghwan, ex-Prime Minister and Chief Chamberlain, died by his own hand, to be followed twenty-four hours later by Cho Pyong-sik himself, who "took opium" and expired on the afternoon of December 1st.

At this juncture Mr Yun Chi-ho, acting Minister for Foreign Affairs, tendered his resignation two or three times; but as no one appeared willing to accept it, he gave up what proved to be a useless formality and retired to the seclusion of his private residence, whence nothing would induce him to emerge. Plots for the assassination of Ministers became as plentiful as daisies in the spring, and a profusion of petitions denouncing the Convention flowed steadily in. The regularity, however, with which these missives came to hand soon led to their being looked upon as purely formal affairs of which no notice need be taken. Despite such ominous symptoms,

moreover, it was optimistically declared at the end of the year (1905) that tranquillity had been restored throughout the country,—an assumption which was rudely traversed by subsequent events. Beneath the surface feeling seethed and bubbled, and the spring and summer months of 1906 were remarkable chiefly for collisions in different parts of the country between the supporters of the new and the upholders of the old, secretly applauded, and in all probability actually instigated, by the Court, for the suppression of which Japanese gendarmes and troops were not infrequently called in. Thus with many an expiring splutter did the flame of old Korea flicker slowly and painfully out.

The task of the new Resident-General was, indeed, no light one, and the statesmen of Japan were fortunate in persuading Prince Ito to accept the office, and so to carry forward the good work which he had successfully begun. An impoverished Treasury accustomed to squander its slender funds upon a galaxy of palace sycophants and parasites was slow to acquiesce in the new restrictions imposed

by well-ordered finance, and when the Minister of the Household failed to extract from the reformed department funds which he considered adequate to meet the palace expenses at the time of the New Year, he incontinently resigned. An inquiry into the palace *entourage* revealed a motley crowd of between five and six thousand petty officials and hangers-on, of which number it was decided, as a first step, to dismiss about three thousand—a reform little calculated to add to the popularity of its author.

With other sections of the populace reform in some of its manifestations met with considerable applause. Immense astonishment was created, for instance, by an intimation that men would in the future be appointed to office by selection made with reference solely to ability, and not at all to family connection and Court intrigue; and when, further, several appointments were made in accordance with this novel plan, no little satisfaction was added to the initial sensation of surprise. An announcement, too, to the effect that the Crown Prince, whose first wife had died

childless, would wed again, caused much fluttering in the bosom of many a Korean maid, while the general interest excited by the news was, doubtless, greatly stimulated by the issue of an Imperial proclamation, which saw the light of day in March (1906), prohibiting any wedding till the selection of a consort had been made. By the late summer the number of candidates had been reduced by a process of elimination to seven, four more were about to be rejected, and the final choice made from the remaining three. It may be added in this connection, as an instance of the profligacy of palace finance, that the Emperor decided that a disbursement of 1,200,000 *yen* should be made by the Treasury with a view to the suitable celebration of the nuptial ceremony. As, however, this sum amounted to considerably more than one-seventh of the whole revenue of the country for the year, Prince Ito very naturally vetoed the odd million, allowing the 200,000—a very ample sum under all the circumstances—to stand.

This, then, was the situation when I arrived in the Korean capital in August 1906. With

the outbreak of hostilities in 1904 Korea had passed under the protection of Japan—an actuality which was regularised and formally recognised by the Convention of November 1905. The months which had elapsed between the signing of this Convention and my visit had exhibited the distaste which the Koreans felt for this newly acknowledged state of affairs, and had also been conspicuous for a display of sharp criticism of Japan from others than the people of Korea. There was unquestionably good ground for criticising the procedure of many of the Japanese who poured into the country during, and immediately after, the war—a matter upon which I shall have a word to say later on. But to criticise Japan's presence as the suzerain Power was obviously absurd. She was there, in the first instance, by right of might, but her position gained by might had received the recognition and the sanction of the world. The Portsmouth Treaty accepted it, the text of the Anglo-Japanese Agreement affirmed it, the voluntary withdrawal of all the foreign legations from Seoul acknowledged it. A *fait accompli*, sealed and confirmed by such practical

and documentary evidence, was surely scarcely worth the trouble of assailing. She was there for an avowed and acknowledged purpose—the reform of the government of Korea; a purpose in itself excellent in face of the assurance which stares boldly from the pages of history, that the Korean is quite incapable of cleansing his own house. Yet there was in Korea a little band of mischievous and obscure persons of foreign birth who continued to foment in the credulous mind of the Emperor impossible schemes for bringing about the withdrawal of Japan, and for throwing his country once more into its pristine state of chaos and disorder. The last of these imbecile enterprises culminated in July 1907, and resulted, as will be seen, in the abdication of the Emperor and the strengthening of the hold over the country of Japan.



## THE PROTOCOL OF FEBRUARY 23RD, 1904.

## ARTICLE I.

For the purpose of maintaining a permanent and solid friendship between Japan and Korea, and firmly establishing peace in the Far East, the Imperial Government of Korea shall place full confidence in the Imperial Government of Japan, and adopt the advice of the latter in regard to improvements in administration.

## ARTICLE II.

The Imperial Government of Japan shall, in a spirit of firm friendship, ensure the safety and repose of the Imperial House of Korea.

## ARTICLE III.

The Imperial Government of Japan definitely guarantees the independence and territorial integrity of the Korean Empire.

## ARTICLE IV.

“In case the welfare of the Imperial House of Korea or the territorial integrity of Korea is endangered by aggression of a third Power or internal disturbances, the Imperial Government of Japan shall immediately take such necessary measures as the circumstances require; and in such cases the



Imperial Government of Korea shall give full facilities to promote the action of the Imperial Japanese Government.

The Imperial Government of Japan may, for the attainment of the above-mentioned object, occupy, when the circumstances require it, such places as may be necessary from strategical points of view.

ARTICLE V.

The Governments of the two countries shall not in future, without mutual consent, conclude with a third Power such an arrangement as may be contrary to the principles of the present Protocol.

ARTICLE VI.

Details in connection with the present Protocol shall be arranged as the circumstances may require between the Representative of Japan and the Minister of State for Foreign Affairs of Korea.

## THE PROTOCOL OF AUGUST 22ND, 1904.

## ARTICLE I.

The Korean Government shall engage, as financial adviser to the Korean Government, a Japanese subject recommended by the Japanese Government, and all matters concerning finance shall be dealt with after his counsel being taken.

## ARTICLE II.

The Korean Government shall engage, as diplomatic adviser to the Department of Foreign Affairs, a foreigner recommended by the Japanese Government, and all important matters concerning foreign relations shall be dealt with after his counsel being taken.

## ARTICLE III.

The Korean Government shall previously consult the Japanese Government in concluding treaties and conventions with foreign Powers, and in dealing with other important diplomatic affairs, such as the grants ~~of~~ concessions to, or contracts with, foreigners.



## THE CONVENTION OF NOVEMBER 17TH, 1905.

The Governments of Japan and Korea, desiring to strengthen the principle of solidarity which unites the two Empires, have with that object in view agreed upon and concluded the following stipulations to serve until the moment arrives when it is recognised that Korea has attained national strength:—

Art. I.—The Government of Japan, through the Department of Foreign Affairs at Tokio, will hereafter have control and direction of the external relations and affairs of Korea, and the diplomatic and consular representatives of Japan will have the charge of the subjects and interests of Korea in foreign countries.

Art. II.—The Government of Japan undertake to see to the execution of the treaties actually existing between Korea and other Powers, and the Government of Korea engage not to conclude hereafter any act or engagement having an international character, except through the medium of the Government of Japan.

Art. III.—The Government of Japan shall be represented at the Court of His Majesty the Emperor of Korea by a Resident-General, who shall reside at Seoul, primarily for the purpose of taking charge of and directing matters relating to diplomatic affairs.

He shall have the right of private and personal audience of His Majesty the Emperor of Korea.

The Japanese Government shall also have the right to station Residents at the several open ports and such other places in Korea as they may deem necessary. Such Residents shall, under the direction of the Resident-General, exercise the powers and functions hitherto appertaining to Japanese Consuls in Korea, and shall perform such duties as may be necessary in order to carry into full effect the provisions of this Agreement.

Art. IV.—The stipulations of all treaties and agreements existing between Japan and Korea not inconsistent with the provisions of this Agreement shall continue in force.

Art. V.—The Government of Japan undertake to maintain the welfare and dignity of the Imperial House of Korea.

In faith whereof, the undersigned, duly authorised by their Governments, have signed this Agreement and affixed their seals.

(Signed) HAYASHI GONSUKE,  
*Envoy Extraordinary and Minister  
Plenipotentiary.*

(Signed) PAK CHE SOON,  
*Minister for Foreign Affairs.*

November 17th, 1905.

## CHAPTER XXIX.

## JAPAN IN KOREA.

PART II.: THE *COUP D'ÉTAT* OF JULY 1907.

THE remaining months of the year 1906 passed off in comparative quiet, if we except certain disturbances brought about in different parts of the country towards the close of the year, as the result of a decision on the part of the Government to have the taxes collected in the provinces forwarded to the capital through the agency of the post-office—a method which, no doubt, deprived a considerable number of Korean gentlemen of accustomed but unlawful commission, and which was deeply resented in consequence.

Early in 1907, however, the commotion com-

mon to the Korean political atmosphere set in again with renewed violence. The Korean students in Japan displayed a desire to attract public attention upon themselves, and indulged in an entertaining little side-display of their own. Before the New Year was many days old a number of these youths found themselves in dire straits, owing to the fact that those who had sent them to Japan had ceased to provide for their continued existence, and, unable to secure the means of livelihood, twenty-one of their number resorted to the desperate expedient of cutting off a finger and forwarding the lot in a parcel to the authorities at Seoul, with a view to compelling attention to the urgency of their position. Far wider attention was attracted by a strike and frothy agitation by the Korean students in Japan in general, as the result of a debate on the subject of the expediency of transporting the Korean Emperor to Japan, inaugurated by a Japanese student at one of the universities. The grievances of the students were satisfactorily adjusted; but in the meanwhile Korea itself was once more suffering from the old predilection of its agitators



*A wayside Buddha.*





for murder and sudden death. Indeed, by the spring of the year it was apparent that the position of a Russian Tsar was a sinecure compared with the position of a Korean Minister of State.

The Prime Minister was the first to receive the attention of the assassins, in the shape of a neat little box containing a bomb, which fortunately failed to explode. Less than a month later, on March 25th, the Minister for War was set upon and fired at with pistols, and as a result of the investigations which followed upon this outrage, a comprehensive plot was brought to light for the murder of the five chief Ministers who had originally given their consent to the Convention of 1905. Two days later a conspirator armed with pistols broke into the house of the Prime Minister; and on April 21st the death of the Chief of the Accounts Bureau in the Imperial Household Department was violently brought about,—though this episode was believed to have no connection with the plot already referred to for the assassination of the Cabinet *en bloc*. The murdered man had, in the course of his duty, struck a number of

names off the list of paid hangers-on, and had naturally incurred their dislike. His violent death as a consequence would appear to be a sequel exciting no surprise in Korea.

It is perhaps not astonishing, then, if the Ministers conceived the idea about this time that place and power, however agreeable in theory, had their disadvantages in practice. Not only did they constitute a target for the knife of the assassin, but by their inherent incompetency they were exciting the animosity of a wider circle. Thus the Il Chin-hoi, a sort of political party of Japo-phil Koreans, openly inveighed against the corruption and the futility of the administration. "The only thing for you Cabinet Ministers to do," they declared in a memorial forwarded to the Government, "is to resign your posts and retire into private life."<sup>1</sup> Mr Pak Che Soon, the Prime Minister, seems to have been of the same mind, for he repeatedly tendered his resignation, declaring, with exemplary modesty, that it was impossible to carry out Japan's programme of reform

<sup>1</sup> See Professor Ladd's 'In Korea with Marquis Ito,' p. 76.

so long as a man of his inferior capacity was at the head of affairs.

On May 20th the Prime Minister's resignation was accepted, followed by that of the rest of the Cabinet on the 21st, and the result of a five hours' consultation between Prince Ito and the Korean Emperor on the 22nd was a new Cabinet under the leadership of Mr Yi Wan-Yong, late Minister of Education,—the Minister who had first urged the acceptance of Japan's terms in 1905,—and including later on Mr Song Pyong-chun, leader of the Il Chin-hoi.

A plot for the assassination of the new Ministry miscarried, and for the first time, in all probability, in the history of Korea, a Cabinet met determined upon shaping a definite public policy, and freed from the baneful influence of the Court. With the change of Ministry a new system had to all intents and purposes been established. In future the consent and counter-signature of all the Ministers was to be necessary to give force to "all laws, Imperial edicts, the budget, the final account, any and all expenditure not provided for in the

budget, the appointment, dismissal, and promotion of Government officials and officers, amnesty and pardon, and other affairs of State." The *coup* was a bloodless victory for the representative of Japan.

It was well for Korea that her affairs were in the hands of a body of sensible men when the situation created by the Emperor's crowning act of folly had to be dealt with. The sudden appearance of a Korean delegation at The Hague Peace Conference is a matter of history. In itself the proceeding was farcical, but in its sequel it proved of no little moment to Korea. The facts may be briefly summarised.

Unbeknown to all save his immediate *entourage* of Court intriguers, and instigated presumably by the same mischievous foreign advisers who have played so sorry a part in the recent history of Korea, his Majesty despatched a mission to The Hague in the hope of exciting the compassion of the world, for what was to be described as the miserable plight of a helpless people under the tyranny of Japan. Since the conduct of the foreign affairs of Korea had

been delegated by treaty to Japan, the mission was, of course, without authority, and was, as it was bound to be, ignored. The fatuous intriguing of the Emperor, however, made it clear that a position which admitted of Imperial meddling of this kind could no longer be tolerated by Japan,—a state of affairs which was realised by the Cabinet as soon as ever news of the appearance of the mission at The Hague reached Seoul. Thereafter the political atmosphere of the capital became highly charged. The Emperor denied all connection with the mission; but the day for tactics of this kind had gone by, and on July 6th the Cabinet fearlessly informed his Majesty that he was responsible for a crisis of the greatest gravity in the affairs of his country, and that immediate action must be taken to propitiate Japan. It is said that his Majesty broke up the meeting in anger; and his blind belief in his mischievous advisers is illustrated by his act on the morrow of sending a telegram to the mission at The Hague, in which he declared that he was a prisoner in his palace, surrounded

by the soldiers of Japan. Thereafter he cut himself off from his Cabinet and refused all communication with them.

The enforced lull thus brought about in the Korean capital was rudely broken in upon by news from Tokyo to the effect that the Japanese Emperor had decided to despatch his Foreign Minister, Viscount Hayashi, to the scene of trouble. The effect of this ominous news was magical. On July 16th the Cabinet held a meeting of six hours' duration, at which it was decided that the only step possible was the abdication of the Emperor. This decision was conveyed to his Majesty on the 17th, and further urged upon him by the whole Cabinet on the 18th. How long he would have remained obdurate it is impossible to say, had not the arrival of Viscount Hayashi on the evening of the 18th stirred him to feverish action. The Cabinet continued insistent,—he had brought his country to the brink of a precipice the bottom of which could not be seen; even now the Foreign Minister of Japan was alighting in the capital of Korea; there was one way, and one way only, out of the present dilemma

—his Majesty must resign. At 3 A.M. on the 19th his resistance came to an end, and he signified his intention of abdicating in favour of the Crown Prince. With all speed the Imperial edict was made known, and by noon of the same day all Korea knew that his Majesty Yi Hy-eung had ceased to reign.

“We have been in succession to our ancestors on the throne for forty-four years, and have met with many disturbances,”—so ran the Imperial edict. “We have not reached our own desire. While Ministers are frequently improper men and progress is uncontrolled by the right men, the times are contrary to natural events. A crisis extremely urgent in the life of the people has arisen, and the progress of the State is more than before imperilled. We fear a danger like that which befalls a person crossing ice. Fortunately we have a son endowed by nature with brilliant virtue, and well worthy with being charged with plans for the development of the Government, to whom we transfer our inheritance sanctioned by the customs of ancient times.

“Therefore, be it known as soon as proper to be done, we will hand the affairs of State over to the Crown Prince as our representative.”

Thus ended the reign of a man whose “youth had been spent under the pernicious influence



of eunuchs and Court concubines and hangers-on, whose manhood had been dominated by an unceasing and bloody feud between his wife and his father, whose brief period of independence had been one orgy of misrule, and whose latest years had been controlled by sorceresses, soothsayers, low-born and high-born intriguers, and selfish and unwise foreign advisers.”<sup>1</sup> No wonder that in the end circumstances had been too strong for him, and that he had been obliged to renounce his throne. His character moulded under such evil influences can be imagined, nor did he stultify it in this the crowning crisis of his life. The news of his abdication had, of course, been the signal for the breaking loose of the forces of disorder, and throughout the 19th disturbance reigned in Seoul. Towards evening the following message was sent by the abdicating Emperor to Prince Ito :—

“In abdicating my throne, I acted in obedience to my conviction, and not in deference to any outside advice or pressure.

“During the past ten years it has been my intention

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<sup>1</sup> Professor Ladd—‘In Korea with Marquis Ito.’

to transfer to the Crown Prince the conduct of State affairs, but, no opportunity presenting itself, my intention remained to this day unrealised. Believing, however, that the opportunity has now arrived, I have abdicated in favour of the Crown Prince. In taking this step I have followed the natural trend of events, and the result is matter for congratulation on account alike of my dynasty and of my country. Yet I am grieved to observe that some of my ignorant subjects, labouring under a mistaken conception of my motives, and in an access of misguided indignation, have been betrayed into acts of violence. In reliance, therefore, upon the Resident-General, I entrust him with the power of preventing or suppressing such acts of violence."

Yet even while he was penning these contrite words he was actually arranging for the assassination of the whole of his Cabinet before the dawn of another day. The plot failed, the Prince Imperial was duly crowned, and the atmosphere of Seoul was cleared by the transference from public to private life of the monarch who had done more than any other individual to hasten the downfall of the country over which he reigned.

The removal of the Emperor, however, was not the only advantage which accrued to Japan

as a result of the abortive mission to The Hague. It was felt that the time had come when the shadowy control which Japan wielded over the mechanism of Korean Government must be converted into a reality, and on July 23rd Prince Ito submitted the provisions of a new Agreement to the Cabinet. Some reluctance was inevitably shown by the representatives of Korea; but it was realised that the time for expostulation was past, and at 1 A.M. on the 24th the new Convention received the sanction of the Emperor, and Korea passed from Japan's protection under Japan's control.<sup>1</sup>

The Convention of July 24th, 1907, constitutes a turning-point in the history of Japan in Korea. By previous Conventions she had been free to advise but not to enforce reform in the administration of Korean affairs; by the Convention just signed the Japanese Resident-General became, to all intents and purposes, the uncrowned king of Korea. The altered state of affairs could not have been better put than

<sup>1</sup> For terms of the Convention see end of chapter.

it was in a leading article in 'The Times' of July 29th, 1907 :—

"There is, no doubt, a technical and formal distinction between the control which Japan will henceforth exercise over Korea and annexation ; but except to diplomatists talking among themselves, the difference may seem so small as to be wellnigh negligible. By the terms of the Convention Japan takes over the whole substance of power in the executive, the judicial, and the legislative fields of the Korean State. . . . The administration, the enactment of laws, the transaction of important State business, and the appointment of all high officials, are expressly made subject to the Resident-General's approval. No member of the Government can be appointed without his recommendation ; no foreigners can be employed without his assent."

The first reform of importance enacted under the new *régime* was one which provoked a state of serious disaffection throughout the country, but it was one which was undoubtedly called for—namely, the disbandment of the Korean army. The Imperial rescript promulgated on the night of July 31st assigned as the reason the necessity of economy : the real

motive in the mind which inspired the rescript was the knowledge that in Korea the *raison d'être* of an army was not that generally accepted in civilised communities—namely, the protection of the State—but, on the contrary, the fomenting of disturbance and disorder.

The year which has elapsed since Japan took over the complete direction of Korean affairs has seen the laying of the foundations of many reforms. An entirely reorganised police force, modelled on that of Japan and controlled by Japanese, has taken the place of the old force; new methods of collecting taxes have been introduced; a drastic reorganisation of the local administrative system has been brought about; a complete reform of the judicial system introduced, modelled on Japanese lines and largely officered by Japanese judges. Large sources of revenue, such as mines and forests, hitherto monopolised by the Imperial Household, have been transferred to the State; and minor changes, such as the removal of their top-knots by the Emperor and other members of the royal family, and the raising of the legal age for marriages to seventeen in the case of men and fifteen in

the case of women, have seen the light of day. With a view to oiling the wheels of the machine of State a large number of Japanese have been introduced into the different departments of public life, and each Minister of State is assisted in his duties by a Vice-Minister of Japanese nationality. In November the Korean Government published a declaration of policy. High and low, they declared, must unite with one heart to discharge the administrative functions of the Empire; old and obsolete customs must be abandoned; productive enterprises must be made the foundations of national strength; administrative reform must be effected; and agricultural and manufacturing enterprise must be given a new lease of life. The judiciary must be perfected, and men of ability must be selected from all classes and appointed to suitable offices.

A visit by the Imperial Prince of Japan to Seoul in the autumn, followed by the departure of the Crown Prince of Korea to Japan in December, there to receive a modern education, did something to mitigate the hatred and suspicion of the Koreans for Japan; while the

latter country showed her determination to do all she could to promote the welfare of the new order in Korea, by granting a sum of £2,000,000 for purposes of Government reform, to be spread over a period of six years.

But if the framing of measures of reform went merrily forward, circumstances warred against their practical adoption. The storm of indignation which burst over the country with the disbandment of the army gathered force instead of dissipating as the weeks rolled by. As day by day the weary tale of insurrectionary outburst and murder was told, feeling in Japan rose strongly in favour of a drastic solution of the Korean problem; but with unexampled patience Prince Ito adhered unflinchingly to his policy of refraining from annexation, and it was not until the early summer of the present year (1908) that he at last admitted that strong measures must be taken to deal with what had obviously now become a state of chronic insurrection. Whereas the police had up till now formed the first line and the military the second in fighting the forces of disorder, this arrangement was now to be

reversed, and additional troops were drafted into the country. The seriousness of the situation with which Japan was faced is sufficiently shown by the fact that during May (1908) there were no less than fifty-three encounters between Japanese troops and insurgents, in which 549 of the latter and 30 of the former were killed. In spite of these drastic measures, the rebellion died hard; and it was officially reported that between the 7th and 9th of July there were twenty-six collisions, in which 106 insurgents lost their lives and 51 were taken prisoners; while in the middle of the month the 'Seoul Press' declared that "many thousands of people were still under arms, and that they could not help recognising that the suppression of the trouble must require at least several months more of hard and persevering work on the part of the military and the police."

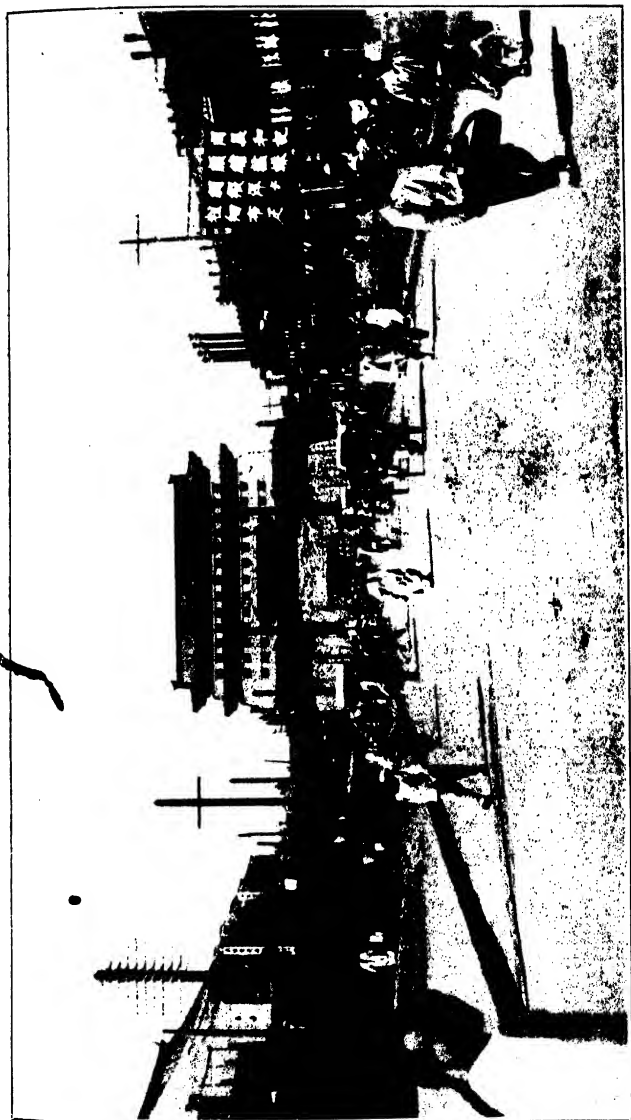
Nevertheless, in spite of the somewhat depressing outlook caused by prolonged disturbance and civil strife, there are not lacking symptoms of the advent of a better state of things. Not least hopeful is the attitude of the new Emperor. In a remarkable speech,



delivered on June 15th to the Provincial Inspectors, he declared that on ascending the throne he had sworn to the spirits of his ancestors that progress should be the keynote of the national policy. By the neighbourly assistance of Japan this programme had been duly inaugurated. But owing to a lack of mutual understanding between rulers and ruled, there had occurred disturbances which were not only sacrilegious towards the ancestral spirits, but were also most ungrateful towards Japan, which had rendered valuable aid to Korea. They must do all that lay in their power to imbue the people with a clear understanding as to the objects which the Government had in view.

As tangible evidence of his feelings towards Japan, his Majesty ordered a sum of 100,000 *yen* to be distributed among the unfortunate people, Koreans and Japanese alike, who had suffered at the hands of the insurgents.

If, then, the outlook is not, as yet, altogether bright, a considerable change for the better has been brought about in the prospects of Korea. The scheming and intriguing personality of the ex-Emperor has been removed



*A street in the Chinese city at Peking.*



from the theatre of actual operations; a monarch, capable apparently of appreciating the situation, reigns in his stead; a Cabinet of Koreans of progressive ideas, stiffened by a leavening of Japanese subordinates, stands at the head of affairs, pledged and bound by treaty to carry out the reforms framed by the Japanese Resident-General,—the coach of State, in other words, is at last ready to move forward under the expert guidance and control of Japan.

It remains for me to say a word as to the criticisms which I found being levelled against the suzerain Power. To criticise Japan's presence in Korea is, as I have already pointed out, obviously absurd, and it is only when we come to the methods employed by her that solid ground for criticism is reached. The red-tape disease is acute in Japan, and is always productive of absurd and petty regulations. The following story, which I heard in Japan, is illustrative of the tendency of the Japanese mind to entangle itself in the *minutiae* of the law. A farmer bought a railway-ticket of the value of a few pence. Being prevented from travelling at the last moment, he changed the

date on the ticket and used it on the following day. Having the bad fortune to be discovered in his petty fraud, he was had up by the railway company and sentenced to three weeks' imprisonment. Indignant at the ~~sentence~~ <sup>sentence</sup>, he appealed, only to find that the decision of the lower court was upheld. Still incensed under a sense of wrong, he carried his case to the highest court. The High Court of Appeal, mindful of its dignity, brought to bear upon the matter the whole of its immense knowledge of the law. The railway in question was a Government railway, the ticket was therefore a Government document—the logic of this reasoning was beyond dispute. The law declared that “the altering or defacing of ~~any~~ Government document” was a most serious offence, and laid down the penalty to be exacted of those who were guilty of such a crime. The law was clear—hard labour for fourteen years was the penalty ordained; the farmer was sentenced accordingly; great is the majesty of the law!

After this one is not surprised at the attachment of the Japanese for minute and harassing

regulations. As in Japan, so in Korea. Despite the difference in longitude between the two countries, I found Tokyo time enforced in Korea. I found the people ordered to smoke short pipes, and to discard their immemorial robes of white for garments of a more dusky hue. Such regulations are ridiculous to a degree. They have been tried before and have failed. They will undoubtedly fail again. The Korean has an inexplicable but unalterable preference for white, and, with or without the sanction of the law, white garments he will wear. To-day, as in the past, the most striking feature of the streets of Seoul is the leisurely, white-robed gentleman, with his quaint, black, horse-hair hat, and his most noticeable adjunct is his elongated pipe.

Such things are, however, after all, matters of minor importance; far more serious questions were those of the power and procedure of the military, and the attitude of the Japanese immigrants towards the Korean people. With the sacrifices of the late war still fresh in the memory, the attitude of the military party in Japan was undoubtedly, for a time, the source

of no little anxiety to the civil authorities. In the early summer of 1906 a stormy battle raged between the two factions in the Government over the question of the opening of Manchuria, and the eventual triumph of the advocates of the open door is said to have been far from palatable to the military junta. In Korea it is common knowledge that the feelings and the just claims of the natives met with scant consideration where the military authorities were concerned. Land was taken regardless of any considerations except the supposed necessities of military strategy, and only too often little enough compensation found its way to the pockets of the lawful owner.

And if the high-handed procedure of the military was galling to the people of Korea, still more so was the behaviour of the stream of immigrants which surged into the country. No one knew better than the man to whom all Japan looked to solve the Korean problem the danger of licence on the part of his own nationals, and no one tried harder to put an end to it. "There has been much to censure

in the conduct of our nationals hitherto in Korea," declared Prince Ito on a public occasion in Tokyo. "The greatest indignities have been put upon the Koreans, and they have been obliged to suffer them with tears in their eyes. Now that this Empire has taken upon itself the protection of Korea, this improper behaviour calls for the utmost correction."

To those who apprehend unfair treatment on the part of Japan towards other countries where Korea is concerned, the Japanese Government can point confidently to its action during the past two years. It is hardly conceivable that, had any European country stood in the shoes of Japan, annexation pure and undisguised would not have taken place. In another connection, too, the acceptance by Japan of the treaties existing between Korea and other countries at the time of the conclusion of the Convention of 1905 is hardly compatible with the suggestion, which has been mooted from time to time, that she intends establishing a Customs union between herself and Korea to the disadvantage of



the other trading nations. But perhaps the greatest guarantee of the procedure of Japan is to be found in the perception and sagacity of the great statesman at the Korean helm. "It is not with regard to Korea alone," said Prince Ito, in addressing the members of the foremost political party in Japan, "but with regard to the whole problem of the Far East, that nothing opposed to the sentiment of the Powers should be done. No strong country whatever can march forward independently and at its own arbitrary convenience. If Japan, puffed up by her victories in war, should forfeit the sympathy of the Powers, she will be laying up for herself misfortune in the future."<sup>1</sup>

It may be well to point out in conclusion that there comes a point in the history of nations when statecraft becomes powerless to shape their destiny. The question as to whether Korea will ever emerge from her present time of trial as an independent nation will be determined by forces other than those of statesmanship. In 1904, at the beginning

<sup>1</sup> Speech to the Seiyu-kai, February 5th, 1906.

of the war, there were approximately 31,000 Japanese in Korea. To-day, according to a Japanese investigator, there are upwards of 106,000, exclusive of those in the two provinces bordering the Sea of Japan and lying on the north-east coast, to which his investigations did not extend. A census taken in the spring of 1907 showed that the *Korean* population fell short of 10,000,000 souls. Will Japanese immigration continue and increase? And if so, will the Japanese eventually become the predominant element in the population? It is impossible to say, but the probability of such an eventuality is one which must clearly be taken into consideration in any attempt to answer the question as to what will be the future of Korea. "There is scarcely a district throughout Korea," declared Mr Kodama Hideo on a recent occasion, "that has not its quota of twenty or thirty Japanese engaged in trade and agriculture. These little Japanese communities have formed leagues for social purposes, and wherever sufficiently numerous exercise municipal authority over their own affairs." "In the region of Taijon,"

declares Mr Shiga, the Japanese investigator already referred to, "a colony of 15,000 Japanese has been formed, and the district now resembles a little Japan. Throughout Korea," he adds, "elementary schools have been constructed or are in course of construction, and there are other evidences that the sometime large floating population of adventurers is being replaced by permanent and orderly settlers."

More than a year ago Japanese enterprises in the Korean capital alone were declared to have an aggregate registered capital of 37,030,000 *yen*, and the formation of a "Far Eastern Colonisation Company" with a Government subsidy, under the auspices of Marquis Katsura, promises to give a further impetus to the importation of both colonists and capital in the near future. The bill sanctioning the formation of this Company passed both Houses of the Diet in March 1908. The Company is to enjoy the patronage of Korean and Japanese directors, and the prime object of the promoters is to engage in agriculture in Korea, though collateral under-

takings are also to be carried out; and the immediate programme of the Company is to acquire about 17,000 acres of land at a cost of a little over £100,000, and to devote £65,000 to surveying, building, and the acquisition of implements. Colonists are to be sent out under the auspices of the Company and located in groups among the Koreans, with a view to the introduction of improved methods of farming throughout the country. It is interesting to note that in answer to a member of the Committee appointed by the Lower House to consider the bill, who wished to know how the objects of the Company were to be attained seeing that neither by law nor by treaty did foreign nationals enjoy the privilege of owning real estate in Korea, the representative of the Company replied that the matter was under negotiation between the Governments of the two countries, and that a favourable outcome was anticipated.

All these facts, taken together, seem to suggest that Japan is colonising Korea in earnest. The sparsely inhabited mainland

~~appears, indeed, to constitute the natural outlet~~  
for the surplus population of the island empire. The population of Japan is increasing by half a million annually, 60 per cent of her people are engaged in agriculture, her culturable land is already intensively cultivated, emigration to Western lands excites the open antagonism of the highly organised working classes of Western democracies and creates delicate diplomatic situations: what more likely, then, than that the stream of Japanese emigrants should flow in steadily increasing volume to the adjacent waste lands of Korea?

If this forecast be correct, then, can it be doubted that the Korea of history, the land of the Koreans ruled by a Korean dynasty, the Korea constituting a separate entity among nations, has passed away never to return? It might be affirmed by those who are proof against sentiment, that the compensations would outweigh the loss consequent upon such a historical consummation.

## THE CONVENTION OF JULY 24TH, 1907.

The Governments of Japan and of Korea, desiring to speedily promote the wealth and strength of Korea, and with the object of promoting the prosperity of the Korean nation, have agreed to the following terms:—

1. In all matters relating to the reform of the Korean administration, the Korean Government shall receive instruction and guidance from the Resident-General.

2. In all matters relating to the enactment of laws and ordinances, and in all important matters of administration, the Korean Government must obtain the preliminary approval of the Resident-General.

3. There shall be clear differentiation of the Korean Executive and the Korean judiciary.

4. In all appointments and removals of high officials the Korean Government must obtain the consent of the Resident-General.

5. The Korean Government shall appoint to be officials of Korea any Japanese subjects recommended by the Resident-General.

6. The Korean Government shall not appoint any foreigners to be officials of Korea without consulting the Resident-General.

7. The first article of the Agreement signed on August 22, 1904, shall be rescinded.

[The article here referred to is as follows: "The

Korean Government shall engage as financial adviser to the Korean Government a Japanese subject recommended by the Japanese Government, and all matters concerning finance shall be dealt with after his counsel has been taken." Article 5 of the new Convention renders superfluous the above provision of the 1904 Agreement.]

In witness of the above the undersigned Plenipotentiaries, duly accredited by their respective Governments, have signed the present Convention:—

Done at Seoul, the 24th day of the seventh month of the 40th year of *Meiji*, corresponding to the 24th day of the seventh month of the 11th year of Kwangmu.

(Signed)

ITO HIROBUMI, Marquis,  
*Resident-General.*

YI WANYONG,  
*Prime Minister of Korea.*

## CHAPTER XXX.

## JAPAN IN MANCHURIA.

IN August 1906 it was officially intimated by the Japanese Government that from September 1st—six months before the time fixed upon by treaty for the complete evacuation of the country<sup>1</sup>—Manchuria would be open, so far as they were concerned, to the trade of the world. The fierce struggle between the civil and military parties in the State had been fought and won in the Council Chambers of Tokyo in the early days of summer, and the

<sup>1</sup> In accordance with the terms of the Fukushima-Ovanovsky Convention, all troops were to be withdrawn from Manchuria by April 15th, 1907, with the exception of railway guards, at the rate of fifteen men per *kilometre*. The length of line in Japanese hands entitles her to continue to maintain a force of one division in the country.



opening of Tairen (late Dalni) in September, following upon the opening of Mukden earlier in the year, served merely to confirm what had long before been an open secret in the Japanese capital—namely, the victory in Council of the civil party. It is not intended to discuss here the motives by which the statesmen of Japan were actuated in framing their *post-bellum* policy. They had long since recognised the necessity of governing their policy in the Far East by principles acceptable to the majority of the Powers, and whether such principles be to their own liking or not is, for the time being, a question which need not be discussed. It is sufficient to know that—as far as those in authority, at any rate, are concerned—it is recognised that “no strong country whatever can march forward independently and at its own arbitrary convenience,” and that throughout the Far East, consequently, Japan should do nothing “opposed to the sentiment of the Powers.”

The attitude of the Japanese Government was apparently scrupulously correct. Were

Speech by Prince Ito to the Seiyu-kai, February 5th, 1906,  
already referred to in chapter xxix.

there, then, any foundations for the accusations which were being levelled against the Japanese of bad faith? There is no need to waste time in detailing the charges that were being brought: any one who had breathed the atmosphere of the Far East during the summer of 1906 could not fail to have been conscious of the feeling of distrust of Japanese procedure in the three eastern provinces, which permeated the whole body of Far Eastern commercial opinion. Circumstances, moreover, had conspired to focus the public gaze upon Manchuria. The war created a vast demand on the part of both contending armies for canvas and cotton goods of all descriptions. The importers of Shanghai bought heavily in anticipation of a continued and increased demand at the conclusion of hostilities; but in place of the expected boom came depression, and an overstocked Shanghai shook an angry but impotent fist at a stagnant market. When men are willing to sell in a glutted market at a loss of 15 per cent, all is obviously not well; and I found the importers of piece-goods reduced to these straits because Manchuria was not

behaving as she ought to do, and had ceased all demand for foreign goods.

With a view, therefore, to making certain investigations upon the spot, I repaired with such speed as the tyranny of the Chinese coasting service permitted to the treaty port of Chifu, and on calling at the offices of Messrs T. Akiho & Co. and Messrs Ching Ki & Co., the companies enjoying at the time the monopoly of the transport traffic between the Chinese ports and the Kwan-tung promontory, learnt from the latter that they had a boat leaving almost immediately for Tairen. Not recognising in the names of either of the two companies any connection with the well-known shipping lines of the Far East, and knowing something from past experience of the infinite possibilities in dubious directions of Chinese shipping in Chinese waters, I hazarded some inquiry as to the nature of the boat. "Oh," said the clerk in charge, in irreproachable pidgin English, "her b'long number one topside slip," and he added, when pressed for further information, that she had a displacement of

at least 350 tons, and that she was quite safe, since, if the weather proved unpropitious, she would not sail. With this Delphic assurance, the humour of which was apparently hidden from the declaiming oracle, and the promise of three out of the four cabins she was said to possess for the use of myself, my companion, and our two servants, we had perforce to be content, and in the waning light of evening we set forth in a sampan to find our ship. Our misgivings were more than justified. A grimy deck rose little above the level of our pitching sampan; such parts of it as were not occupied by funnel, steering apparatus, and other troublesome if necessary gear, had already been appropriated by forty-eight huge crates of huddled-up and loudly expostulatory poultry; and, last, but not least, the three cabins for ourselves and our servants turned out to be three miniature bunks crowded into one very confined deck-house. Fortunately, the moon looked down serenely upon a placid sea, and after a debauch upon cold chicken and soda-water (not provided by the Company), we turned in

to enjoy such slumber as the early rising and vociferous denizens of the farmyard outside allowed.

Perhaps the dominant impression produced by a visit to Tairen is one of disappointment. So much has been heard of the colossal importation of Japanese goods duty free through this inlet to the three eastern provinces, that one at least expects to find signs of considerable activity. But to all appearances the Tairen of to-day differs little from the Dalni of pre-war days. The same neatly laid-out streets and villa-like houses, a little the worse for wear, and defaced here and there by war's rough handling, present to the gaze the same picture of an exotic plant that has failed to draw strength or inspiration from its surroundings. The pretentious buildings that housed the municipal officials of Russian days, and now shelter the officials of the Japanese administration, are still by far the most imposing feature of the town, and though the wharves appear to be admirably adapted to the needs of an ambitious commercial port, and to invite the custom of the trading argosies

of the East, a few Japanese coasting-vessels were all that were to be seen, perfunctorily discharging Japanese cargo into excellent though meagrely stocked go-downs. Such Chinese merchants as I visited stocked almost exclusively Shanghai goods, preferring to leave to their Japanese brethren the handling of the goods of that country. If the products of Japanese mills had poured into Manchuria, they had evidently not stopped here. Signs of Government intention were not wanting, it is true; but for the present these found expression chiefly in the planting of the surrounding hills with trees, and in the promulgation of building laws banning the use of anything but brick or stone in all future building enterprise.

Away to the south Port Arthur nestles in an amphitheatre of bare and forbidding hills. It speaks so plainly and it tells so much, that it is difficult to resist the temptation to linger. Those who knew the town as the home of the careless, light-hearted, laughter-loving Russian, who had seen a vast marshy expanse to the west of the old Chinese town filled in and converted into the site of palatial buildings, con-

structed in accordance with the grandiose conceptions common to Russian empire-builders, and who remember the stacks of wooden cases which covered the wharves a little prior to the war, and which proved on investigation to contain magnums and jero-boams of vodka and champagne, will see in these same buildings, untenanted and falling into disrepair, a mere ghostly semblance of their former selves, and will feel the chill of doom hanging heavily over all. "Babylon," indeed, "is fallen, is fallen, that great city," and with its fall the vodka and the champagne, the cards and the theatres, the women and the wine,—the whole prodigious round of eternal gaiety which sums up the life of the exuberant, impulsive pioneer of Russian civilisation,—have been swept away; the strict economy of the penurious, calculating Japanese now rules where the riotous living of the lavish, pleasure-seeking Russian reigned. Such subjects of the Tsar as were to be seen at the time of my visit—and the nondescript, ramshackle building that served for a hotel was full of them—were there for the sole purpose of searching among

the wreckage for remnants of lost property,—an unattractive-looking crew, proclaiming loudly by their appearance and their presence the unlooked-for verity of the impressive and prophetic declaration of the First Minister of England to a London audience in 1898: "I think that Russia has made a great mistake in taking Port Arthur; I do not think that it will be of any use to her whatever."

But more than all else Port Arthur tells of war; of the horror of human passions excited and let loose; of the terrible suddenness of the coming of modern strife. No martinella rings a sonorous warning; the ethics of the Florentines are past and gone; the first move comes swift and silent on the chess-board of modern war. All round the hills are excoriated and shot away. Whole acres of country are pock-marked with shot and shell. Shattered guns and twisted iron, torn casemates and confused and jumbled masses of stone and concrete, mark the scene of one of the bloodiest ventures of any century. When you stand on the summit of the hills that were stormed, when you realise the science and skill with which the fortifica-



tions were planned and made. Further, you observe the approaches, plains below,—long, narrow saps, having infinite patience in the frozen ground, slowly, at the rate sometimes of only a few inches a-day, but steadily and determinedly towards the belching strongholds above. You may well ask wonderingly what manner of men were they who stormed and won the brilliant heights of Nanshan and Wolf's Hill, Kikwan and Erhlungshan? In one corner of the Nankai Kikwan fort a mass of charred and crumpled debris marks the spot where Kondratich fell; in another, the grimy and smoke-blackened casemates tell of hideous fighting with bayonet and hand-grenade. For days the indomitable men of Nogi's army sapped slowly and unceasingly towards the grim outlines of the fort that loomed above, and then suddenly a familiar sound fell upon their ears—the sound of pick and crowbar driven forcibly into the ground. For two days they listened to this well-known thud, becoming more and more distinct as they worked desperately towards their goal, and on the third they



*More than all else Port Arthur tells of war.*



in the roar and destruction of an exploded mine. None lived to tell the tale, but their places were silently and mechanically filled, and at length the outworks were reached and a breach was made. Two men only entered alive, and for two days, without food and without sleep, they stood at bay in an angle of the concrete outer way; and when relief came it was not the relief of death, but of their comrades, as they at length wore out and piece by piece beat down the stubborn defence.

But the war is over, and it is into other channels that the national energy is being turned. Japan will not repeat the Russian folly of sinking millions in “first-class impregnable fortresses” which come tumbling down in the day of trial. She has fought for Manchuria and won, and who shall blame her if she has set her hand to gather in the spoil? Some day the railways and coal-mines, which are hers by right of conquest, will be useful and valuable properties; for the present there was much to do, as a journey to Mukden readily showed.

At 11.45 one September morning I steamed

out of historic, war-worn Port Arthur and plunged into the labyrinth of hills beyond. For two hours all went well, and then, at the little wayside station of Nan-kwan Ling, a place of a dozen modest buildings, including a signal-box, and garrisoned by twenty weary Japanese soldiers, it was patiently but firmly explained to me by a phlegmatic railway official that I must change, and that I had to look forward to a five hours' wait. Whether by accident or by design, the authorities at Port Arthur had started me on the wrong train.

Precisely five hours later the Tairen-Mukden express steamed in, and into the single second-class carriage—the rest were coolie carriages and trucks—we scrambled, a motley collection of Japanese officers in khaki uniforms, Chinese gentlemen in satins and silks, missionaries in sober broadcloth, mere tourists in unclassified garb, and—a gentleman of the press, suffering demonstratively from an acute attack of Japanophobia. The complaint is one which is easily diagnosed, and is usually found in its most highly developed state in those correspondents who failed to see, during the war, as much as

they had anticipated of the operations at the front.

The view, broken at first by rugged mountains stretching across the neck of the Kwantung peninsula, resolves itself ere long into a golden monochrome, produced by limitless miles of giant millet awaiting the sickle, which tell of the stupendous fertility of the central Manchurian plains. But the monotony of the scene soon palls, and the twenty long hours to Mukden induced sighs of regret for the magnificent cars which used to roll luxuriously and majestically over a 5-foot gauge in the days of the Russian occupation. The gauge was now 3 feet 6 inches; small, hard-seated, second-class cars the best that were provided; and neither food nor sleeping accommodation was supplied. Owing to the numbers travelling it was only possible to rest by turns, and our staple articles of diet were Chinese biscuits and Japanese Tansan water. Later on I travelled over the newly built Hsin-min-tun-Mukden railway; but here even the accommodation of the main line failed, and I was jolted along in company with a crowd of Chinese

coolies and Manchu women in a cattle-truck. With these experiences fresh in the memory there was small enough encouragement, even could I have afforded the time, to travel over the 180 odd miles of the *décauville* railway which wound perilously over the mountainous country between Mukden and Antung.

From the above description it will have been gathered that for the first year after the close of the war—and indeed for some considerable time longer—the railway system in Manchuria was in an abnormal condition; that all lines were single; that the gauge was the narrow 3 feet 6 inches of Japan, except in the case of the Antung-Mukden line, which was less; and that rolling-stock of every description was woefully deficient. Vast schemes, however, were already on foot for the reorganisation of the Japanese Manchurian railway system; but before outlining the proposals put forward and the progress of their subsequent execution, let me invite the reader to accompany me in my inspection of the Manchurian capital.

Mukden is a picturesque town, after the Chinese fashion, enclosed by an outer mud

wall some thirteen miles in circumference. Inside this area a more substantial and more imposing crenelated wall of brick, with eight towering gateways, encircles the city proper. A Japanese census of recent date put the population at 197,000—an estimate undoubtedly below the real figure, which was placed by a resident of over thirty years' standing at nearer 400,000. Broad streets lined with shops, flaunting the gorgeous signboards and streamers dear to the Celestial mind run from north to south and east to west, at whose point of intersection the inevitable bell and drum towers rise to prodigious heights, and frown like guardian genii over the lesser buildings of the city. In the heart of the inner enclosure stand the old Imperial palace with its famous throne-room built in 1631 in the reign of the Emperor Tai Tsung, the circular yellow-tiled hall of audience, the Viceroy's yamen, and the storied treasure-house of the Manchu dynasty. By the courtesy of the Tartar general, Chao Erh Sen, a man of progressive views who had been resident in Mukden a twelvemonth, I



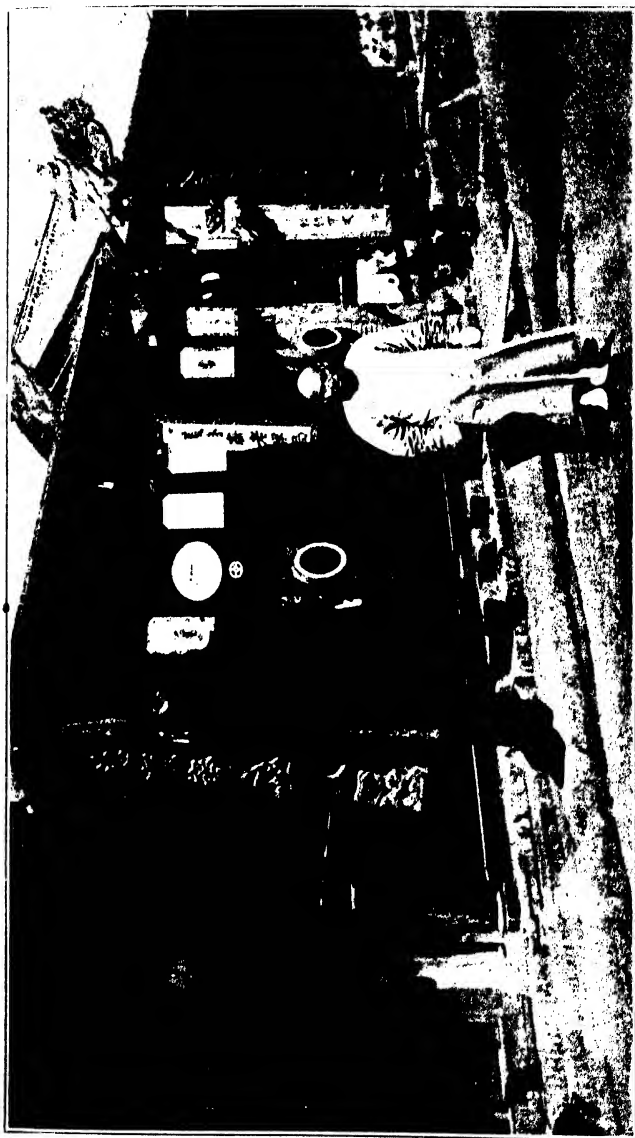
was privileged to gaze upon the hoarded wealth of the Manchu emperors. Once in every ten years an Imperial caravan travels from Peking to Mukden, bearing with impressive state treasure recalling the "wealth of Ormuz and of Ind." Here, behind rickety doors, are massed magnificent works of art from the great days of Ch'ien Lung,—gorgeous robes of Imperial yellow, heavy with embroidery of seed pearls—just such robes, indeed, as those concerning which Ser Marco Polo averred that "there are some of these suits decked with so many pearls and precious stones, that a single suit shall be worth full 10,000 golden bezants"; cases of wonderful lacquer work; huge jewel-studded crowns; daggers with immense handles of clustered diamonds; vast strings of pearls and other precious stones, emeralds, rubies, sapphires, and cats'-eyes,—all huddled side by side with priceless porcelain, the pride of the days of the Mings, and austere bronzes fashioned cunningly by the artificers of the Chao dynasty four thousand years ago. With ostentatious care these

treasures were lifted from their musty shelves and cupboards and held one by one before my admiring eyes. Perhaps only in the treasury of Moscow, or within the walls of the palace at Teheran, might one look at the present day upon a similar display of heterogeneous and barbaric splendour.

But while these things still stood as heir-looms of an era wellnigh gone, radical changes were to be seen in progress close at hand. Japanese contractors were about to macadamise the streets of Mukden at a cost—to China—of 1,000,000 *taels*. Flaring posters in every available spot proclaimed the existence of a fierce competition between the Anglo-American Tobacco Trust and the tobacco monopoly of Japan for the favour of the Manchurian market; and while the Governments of England, America, and Japan were expending immense stores of patience in representing to an unwilling China that by the open door they understood the right of foreign trade and residence in Mukden itself, and not merely in an isolated settlement outside, hun-

dreds of Japanese traders had installed themselves within the city walls and defied all efforts to turn them out.

And it was here that I began to find solid foundations for a growing feeling of irritation against Japan. In Manchuria, as in Korea, the military element was undoubtedly guilty of aggressive and arbitrary behaviour. Land was appropriated without adequate payment; buildings were taken and the rents left unpaid; the reasonable representations of the Chinese authorities were scouted and ignored. A swarm of Japanese ne'er-do-weels had lit like a flight of locusts upon the land, and a host of shameless courtesans plied their trade in the open market in the broad light of day. Dishonesty in trade; the arbitrary appropriation of property without adequate payment; the shameless flaunting of vice in the streets,—all these things are (theoretically, at any rate) cardinal sins in the eyes of the Chinese; and the Japanese, by their conduct in Manchuria, gave them every excuse for regarding them with disgust, and for contemptuously applying to them the scornful phraseology of one



*A shop in Mukden: Mr Chen in foreground*



of the expressive sayings of the country—  
"Men living the life of birds and beasts."  
Allowance must, no doubt, be made for some  
measure of licence at the conclusion of a great  
war; and with the gradual withdrawal of the  
military occupation and the institution in  
its place of a responsible civil administration,  
much that was evil has by now, doubtless,  
been set right. But the most casual observer  
could not fail to perceive that immense harm  
had already been done, and that nothing short  
of a complete and drastic change of con-  
duct could possibly justify the pretentious  
claim which was not infrequently advanced,  
that the success of Japanese arms in Manchuria  
denoted the triumph of the civilisation of  
the East over the bullying barbarism of the  
West.

But apart from mere questions of propriety  
and decorum, other charges have been pre-  
ferred against Japan, which may be summed  
up under two heads—firstly, charges against  
the Government of bad faith; and, secondly,  
charges of a low morality against Japanese  
traders as a class. With the second of these

charges I have already dealt;<sup>1</sup> let us consider the charge against the Government of bad faith.

The question of the entry of goods duty free through Tairen, and of the obstruction of the junk traffic on the Liao river by the railway bridge at Hsin-min-tun, have been so copiously discussed in print that I may be excused from recapitulating all the details here. Suffice it to say that the temporary bridge which undoubtedly offered serious obstruction to river transport in the spring and early summer of 1906, and which was the subject of a protest by the Japanese consul at Niu-chwang himself, was speedily removed, and that I myself saw junks in full sail on either side of the new and more lofty structure; while it is now a matter of history that if the Japanese did enjoy some advantage for a time, thanks to the greater facilities which they enjoyed for handling goods at the duty-free port of Tairen, this advantage came to an end with the establishment of an office and staff of the Chinese Imperial Maritime

<sup>1</sup> See chapter xxvii.

Customs Service at the port on July 1st, 1907. Indeed it is a matter for comment that for months after the Customs service had been established in southern Manchuria, occupied by victorious Japan, goods still poured duty free across the northern frontier in the occupation of vanquished Russia; and it is still asserted that, though Customs stations were nominally established at the avenues of ingress from the north early in February 1908, duties are left uncollected and goods allowed to pass in duty free, to the great disadvantage of the importers in the south.

But beyond all this there has for long existed a tangible feeling of uneasiness, among Chinese and Europeans alike, that preferential treatment has been and is being accorded to Japanese as opposed to foreign goods. A belief which, if unsupported by definite proof, at least claims consideration from the persistence and universality with which it is held, is prevalent throughout the Far East that Japanese goods for Manchuria receive largely advantageous treatment at the hands both of the Japanese shipping lines and of the Manchurian railway



administration. And in disconcerting confirmation of the above belief there appeared during the summer of 1906 a remarkable article in a Japanese paper, the 'Asahi,' in the course of which the following highly interesting and important statements were made:—

1. That a guild had been formed by the five chief cotton textile companies in the Kansai district for the exportation of cotton goods for Manchuria.
2. That the Mitsui Company would be constituted sole agent by the above guild for the sale of their goods.
3. That the Mitsui Company had decided to "do everything in their power to push the sale of the goods, and to render their services for the time being free of charge.
4. That the guild would maintain the export even though, in order to do so, they incurred some loss. "
5. That in reply to representations made by the above guild the Japanese Government had decided to make a loan on cotton textiles, and other goods to be

exported to Manchuria, at the rate of  $4\frac{1}{2}$  per cent per annum,  $\frac{1}{2}$  per cent of this interest to be refunded to any concern effecting an export of more than 5,000,000 *yen* a-year.

6. That the Government would carry out negotiations with the War Office with a view to securing free carriage, or if not free, carriage at half rates by the Manchurian Railway for a period of one year, and with the Nippon Yusen Kwaisha and the Osaka Shoshen Kwaisha for similar privileges by their steamers.
7. That the loan referred to would be made through the Yokohama Specie Bank as regards Manchuria, and that a similar policy would be pursued through the agency of the Dai-ichi Guiko (First Bank) in Korea.

These statements are of such importance that it is interesting to see what evidence in support of them is to be found in Manchuria itself. As to the formation of the guild there is no doubt, and it has been publicly stated by Mr

Yamanobe, the president of the Osaka Cotton Spinning Co., that they exported 1000 bales of goods in May (1906), and that this amount would be increased by 500 bales a-month until the monthly total of 3000 bales would be reached by September; and I may add that the bulk of the Japanese shirtings which I saw in the country bore the stamp "C.C. (cotton cloth) Export Ass."—obviously the mark of the guild. In support of statement (2), I found an agent of the Mitsui Co. recently arrived in Mukden, and engaged in erecting spacious offices in the centre of the inner city, while Chinese middlemen were already retailing his goods; and in confirmation of statement (4), I learned that Chinese middlemen were purchasing Japanese cottons at \$3.30, \$3.40, and \$3.50 the piece—a figure pronounced by experts to be undoubtedly below cost price.

So far the result of investigation points to the correctness of the statements of the 'Asahi,' but, equally, it must be admitted that these are statements of matters to which no legitimate objections can be raised. And it is precisely

upon the one point—the granting of preferential railway rates—upon which diplomatic representations might be made, that definite proof is not forthcoming. There is no earthly reason why the cotton companies of Osaka should not form themselves into a guild or sell their goods at a loss if they feel so inclined, nor, if the Mitsui Company have a fancy for resolving themselves *pro tem.* into a philanthropic institution, is there any just cause that I am aware of to prevent them doing so. But there is every reason why preferential rates should not be accorded to Japanese goods passing over the railways of Manchuria, for Japan has long ago declared herself a subscriber to the policy of the open door, and has on these grounds received the sympathy and support of other Powers. In reply to America's circular in 1899 on the subject of the open door, Japan agreed not to levy "any higher railroad charges over lines built, controlled, or operated within her sphere on merchandise belonging to citizens or subjects of other nationalities transported through such spheres,

than shall be levied on similar merchandise belonging to her own nationals transported over equal distances";<sup>1</sup> and in view of the damaging belief that the promise given upon that occasion is being broken at the present time, and of the bitter feeling which is undoubtedly growing from day to day against the Japanese, it cannot be too strongly urged that the utmost endeavour should be made to disprove the charges which are so persistently made.

Apart from all question of principle, it may be said that the traveller in Manchuria will not meet with such evidence as will support the contention that the influx of Japanese manufactures has been responsible for the fall in the demand for foreign goods, which has been noticeable since the war. That Japanese manufacturers look for a large market in that country is true, and that the low price of their goods has already secured for them a considerable sale the retailers of Mukden are ready to admit, and British and American

<sup>1</sup> China, No. 2 (1900).

makers have undoubtedly to recognise for the future the presence—the perfectly natural and legitimate presence—of a keen competitor in the coarser and cheaper class of goods. The view which I found prevalent in Manchuria itself, with regard to the depression in trade, was that the large sums of money undoubtedly left in the country by the lavish spendthrift Russian army were still in the hands of the farmers and peasants, and that, though they had not yet, they eventually would find their way to the merchant classes. It must also be borne in mind that Manchuria is, above all, an agricultural country, dependent for its prosperity upon the culture of the soil, and it would be absurd to suppose that its people have not felt the severe strain of close upon two years' war. It was one of the shrewdest of the men engaged in the cotton industry of Japan, who told me that he looked for a decrease rather than an increase in his export trade as the immediate result of the war. Three years, it is true, have elapsed since the cessation of hostilities, but the turmoil of

war leaves its aftermath, and in any case "in a country in which *laissez-faire* is made a religion, and co-operation for the outlay of common funds is unknown, recuperation is a slow process."<sup>1</sup>

That Japanese *pièce-goods* have made headway, on the whole, in the Manchurian market is confidently asserted by the 'Osaka Asahi Shimbun,' which states (October 1907) that the "C.C. Export Association," with the assistance of the Government, has been able to destroy in the course of eighteen months the monopoly hitherto enjoyed by American fabrics, and that American imports into Manchuria in this particular line dropped during this period to 6000 bales, while Japanese imports rose to 29,000 bales. Whether, and if so, how, this change has been brought about by means of *unequal* opportunity remains a mystery. The whole matter has been made "the subject of serious study by European and American merchants, but they have been unable to peer through

<sup>1</sup> "The Trade of Manchuria," Financial and Commercial Supplement of 'The Times,' December 27th, 1907.

the veil of mystery and to put a finger on the spot";<sup>1</sup> and if judgment is to be passed upon Japan on a count of violation of the policy of the "open door," that judgment must surely be, in light of present knowledge, the non-committal one of "Not proven."

<sup>1</sup> Ibid.



## CHAPTER XXXI.

## THE RAILWAY PROBLEM IN MANCHURIA.

IN the preceding chapter mention has been made of the vast schemes which began to take shape at the conclusion of the war, for the exploitation of Manchuria by means of a reorganised railway system. The outcome of these schemes is the "South Manchurian Railway Company," and since the railway, of which the company is the nominal owner, is the chief material asset which has accrued to Japan as a result of the war, and is a most important factor in the struggle for the Manchurian market, besides constituting the security for £6,000,000 of British capital, some little space must be devoted to a record of its progress.

By an Imperial ordinance promulgated on June 8th, 1906, a company entitled the *Minami Manshu Tetsudo Kabushiki Kwaisha* (South Manchurian Railway Joint-Stock Company) was formed, the shareholders in which were limited to the Governments and subjects of Japan and China. It may at once be said that neither the Government nor the subjects of China availed themselves of the invitation, thus indirectly given them, to take up shares, so that the whole of the shares are held in Japan. On August 10th the first meeting was held of a committee, entitled the Manchurian Railway Commission, under the presidency of General Terauchi, to consider and discuss the proposals of the Government with regard to the question. The outcome of these discussions may be briefly summarised as follows :—

The authorised capital of the company to be 200,000,000 *yen* (£20,000,000, approximately), 100,000,000 *yen* of which was considered as having been already subscribed by the Japanese Government under the following headings :—

523 miles of railway, exclusive of rolling stock, at 100,000 yen a-mile . . . . .	52,300,000 yen
The coal-mines at Fushun and Yentai . . . . .	30,000,000 yen
Other properties attached to the railways . . . . .	17,700,000 yen
Total . . . . .	<u>100,000,000 yen</u>

The lines included in the above assessment were :—

- (1) The Tairen-Changchun line.
- (2) The Nan - kwan Ling - Port Arthur branch line.
- (3) The Tafangshin-Liushutun branch line.
- (4) The Tasichiao-Niuchwang branch line.
- (5) The branch line to the Yentai coal-mines.
- (6) The branch line to the Fushun coal-mines.

All these lines to be converted to a 4 feet 8½ inches gauge within three years, and the line from Tairen to Mukden to be doubled. China to have the option of purchasing the railways thirty-six years after the Japanese had begun to operate them, and in the event of her failing to do so, the Japanese tenure to extend to eighty years. The line between



*A commercial emporium in North China.*



Manchuria and Antung, on the Korean frontier, was considered to be on a somewhat different footing. It was decided that it should be completed on a 4 feet 8½ inches gauge in three years, but that it should not be included in the properties making up the Japanese Government's share of the capital, the arrangement came to providing that the company should take it over at a reasonable rate. China, in this case, to have the option of purchase at the expiration of fifteen years.

In addition to railway business, it was decided that the company should engage in mining, water transport, electric enterprises, warehousing, and the development of the land appertaining to the railway, a capital sum of 10,000,000 *yen* being assigned for running steamers in connection with the railway and 8,000,000 *yen* for the purpose of constructing warehouses. A proposal by the Government to set aside 2,000,000 *yen* for the commission sale of goods carried by the railway was vetoed by the Commission, as being calculated to stifle private enterprise. In return for the right of Government super-

vision and first call upon the service of the railway in case of need, a guarantee of 6 per cent for fifteen years on the capital invested by private individuals was promised.

It was officially estimated that the coal-mines would yield 1500 tons daily for the first year, which total was expected to amount to 3000 tons by the fourth year, and that the net profits would amount to 5·9 per cent on the accumulated capital invested during the first year, 7·1 per cent on the accumulated capital invested by the fifth year, and 8·7 per cent on the accumulated capital invested by the tenth year. These calculations, however, appear to ignore the capital represented by the property subscribed by the Japanese Government,—*i.e.*, the existing railways, &c., valued at 100,000,000 *yen*,—so that the returns on the actual value of the whole concern would, presumably, be considerably less than is suggested by the above figures. •

So much for the proposals; now as to their execution. On March 31st, 1907, the dissolution of the Military Railway Bureau was marked by a public ceremony, and on April

1st the South Manchurian Railway Company, under the presidency of Baron Goto, came into possession of their own. By a happy coincidence a long-pending agreement between China and Japan, respecting various outstanding railway questions in Manchuria, received the signatures of the representatives of the two countries about the same time. By this agreement the long-foreshadowed purchase of the Hsin-min-tun-Mukden railway by China was arranged for, the price agreed upon being 1,660,000 *yen*. It was further agreed that the Chinese Government in reconstructing the railway should borrow half the funds required for the work east of the Liao river from the South Manchurian Railway Company, and that the same arrangement should be adopted with regard to the construction of the Changchun-Kirin railway, the property and receipts of the railways being offered in each case as security for the loans.<sup>1</sup> In the case of each railway a Japanese chief engineer

<sup>1</sup> In the case of the Hsin-min-tun railway, the property and receipts of that part of it which lies east of the Liao river. For the full text of the agreement, see end of chapter.



and chief accountant to be engaged, and the receipts of the two railways to be deposited with Japanese banks.

With these outstanding questions satisfactorily disposed of, the company was free to proceed with the development of its own property. Of the million 200 *yen* shares into which the capital of the company was divided, half already stood to the credit of the Japanese Government, and of the remaining half, one-fifth—*i.e.*, 100,000 shares, representing 20,000,000 *yen*—had been issued and subscribed in Tokyo, and 10 per cent on them (2,000,000 *yen*) called and paid up. The amount still to be subscribed, therefore, amounted to 80,000,000 *yen*, and for this purpose it was decided to raise foreign loans guaranteed by the Japanese Government. Accordingly, in July 1907, a loan for 40,000,000 *yen* (£4,000,000) was contracted with British houses, and 5 per cent sterling bonds floated on the London market.

In the meanwhile, in June a convention had been signed between Japan and Russia arranging for the connection of the railway

systems of the two Powers, and in November (1907) through traffic was at last brought into operation.

In the spring of 1908 it was proposed that a loan for the remaining 40,000,000 *yen* should be raised; but conditions proving unsatisfactory, the promoters contented themselves with half this amount, and a loan for £2,000,000 was again raised in London. By the end of May the whole of the main line had been converted from the narrow gauge to the standard 4 feet 8½ inches gauge, and a convenient through service established.

It was natural enough that the railway company should do what they could to attract all the traffic possible to their line, and more especially to divert the flow of trade, as far as possible, from the treaty port of Niu-chwang to the port of Tairen in their own leased territory. And so we find that in 1906 the rates of freight on the railway from Niu-chwang to Kwanchengtze, one of the chief distributing centres in Manchuria, a distance of 330 miles, were 5s. a-ton more than from Tairen to the same place, a distance of 465

miles. Equally, naturally, those interested in the trade of Niu-chwang, and Europeans in North China generally, expressed their strong objection to this differential treatment, and in answer to requests made to him during a visit to Peking, Baron Goto promised to see that the matter was adjusted. There was, however, another factor bearing an important influence upon the whole matter of railway freights which seems at the outset to have been somewhat overlooked—namely, the newly reconstructed Chinese railway from Mukden to Hsin-min-tun, and so on to Niu-chwang and Shan-hai-kuan. No sooner had this line been got into working order than freights on the Chinese system were found to be very much lower than on the Japanese system, and throughout the year 1907 a freight war was waged fiercely between the two contending systems, necessitating large reductions in the rates at first charged on the South Manchurian line.

For a considerable time, too, after the railway was taken over by the company it suffered in reputation, owing to the disorganisation inevitable on converting a military into a civil

line. The rudeness and high-handed behaviour generally of the railway guards was loudly decried by Europeans travelling by the line, and the capacity of the railway itself, as well as its administration, was compared most unfavourably with the connecting Russian system. Happily, Baron Goto has been able to bring about a great change for the better in every respect, and that the line now gives satisfaction to the general public may be gathered from the following message received by Dr Morrison at Peking, and published in 'The Times' of June 17th of the present year :—

"With powerful new Baldwin engines the trains run with the regularity of clock-work; the carriages are most comfortable, as luxurious as any Pullman car; the railway *employés* are all courteous; the soldiers are quiet and unobtrusive. No one could wish for more comfortable travelling than is now possible on the Japanese South Manchurian railway."

Until this change in the character of the railway had been brought about, Baron Goto had—perhaps wisely—insisted that junction with the Russian system should be deferred. With the approaching completion of the conversion of

the line from the narrow to the broad gauge early in the summer of the present year (1908), the president of the company travelled to St Petersburg to discuss the details of the scheme for linking up the two lines, and to endeavour to convert unfriendly rivalry on the part of the Russian railway authorities into friendly co-operation. The competition of the Russian line to Vladivostock, as of the Chinese line *via* Hsin-min-tun, had made itself felt; but Baron Goto returned from his mission in June entirely satisfied with the results he had achieved.

It may be assumed, then, that the company have successfully carried their enterprise through its initial stages, and that henceforth the South Manchurian railway system may be looked upon as a going and a paying concern. The accounts presented at the general meeting of the company on December 14th, 1907, showed gross earnings of 5,002,000 *yen*, which allowed of a sum of 925,907 *yen* being carried forward after the deduction of all the sums required for the payment of the 6 per cent dividends to the private shareholders, rewards to officials, and allocations to the legal and special reserves. An even more gratifying re-

sult was shown by the figures presented at the half-yearly general meeting held in Tokyo on June 27th (1908).<sup>1</sup> The accounts presented and passed on this occasion were as follows:—

	Income. Yen.	Outlay. Yen.
Railways . . . .	5,675,462	3,344,168
Mines . . . .	837,153	582,963
Harbour . . . .	425,644	496,526
Lands . . . .	82,526	165,275
Hotels . . . .	42,940	58,194
Electric lighting . .	59,247	61,930
Various . . . .	412,951	708,731
Interest on loans . .	...	976,300
Difference between issue price and actual re- ceipts from loans . .	...	58,578
Totals . . . .	<u>7,535,923</u>	<u>6,452,665</u>

<sup>1</sup> The accounts of the railway for the first whole year during which it was in possession of the company—i.e., from April 1st, 1907, to March 31st, 1908—were published by the 'Nichi Nichi Shimbun.' According to this paper the railway carried during this period 1,337,791 tons of goods and 1,522,231 passengers. The gross receipts from both sources amounted to 9,778,911 yen, being at the rate of 49,823 yen per mile daily on the main line and 4994 yen on the Mukden-Antung line. The operating expenses during the first half of the year amounted to 70 per cent of the gross earnings, but in the second half they fell to 50 per cent, and the net profits amounted to 3,911,517 yen.

## 326 JAPAN'S PLACE IN THE FAR EAST.

	<i>Yen.</i>
Net profit . . . . .	1,087,981
Brought over from previous account	925,907
Total available	2,013,888

The above was distributed as follows :-

	<i>Yen.</i>
Reserves . . . . .	54,399
Dividend (6 per cent) exclusive of State's shares . . . . .	60,000
Special reserve . . . . .	200,000
Rewards to officers . . . . .	97,000
Carried forward . . . . .	1,602,496

The most cursory examination of this statement will suffice to show how great are the prospects of the enterprise. In the first place, the earnings during the period under review are enormously in excess of the most optimistic estimate hitherto formed. Interest on loans and the dividends guaranteed to the private shareholders have been paid without recourse being had to the State,<sup>1</sup> and a sum approaching 2,000,000 *yen* has been paid to the reserves,

<sup>1</sup> It will be observed that the earnings would have sufficed to pay a small dividend on the State shares, but it had been decided that these shares should not receive dividends until a longer period of working had elapsed.

distributed as rewards to the officials, or carried forward to the next account. This satisfactory result is all the more remarkable when it is observed that two items only out of the seven from which returns might have been derived—namely, railways and mines—show a balance on the right side. The natural presumption is that when the capital invested in harbours, lands, hotels, &c., begins to show returns, as it surely will, the profits of the enterprise will exceed the most sanguine expectations. Steady progress has already been made with the coal-mines, the output having been increased from 400 tons a-day—the figure at which it stood when the company came into possession—to 1000 tons a-day, and the cost of production having been reduced from about 8s. 6d. to 5s. a-ton. Nevertheless, it is beyond question that the present output could be enormously increased, though it has been suggested that the coalowners in Japan itself have made strong representations as to the injurious effects which a sudden and abnormally large increase in the output in Manchuria would be likely to have upon the home industry.



The policy of the company was explained by Baron Goto in his speech when presenting the accounts. The adverse criticism which had been levelled at their administration of the line had been due, he said, to the great difficulties which were inevitably found in the way of transforming the administration of the road from a military system to a civil. It had decided them to push on the complete reorganisation of the *personnel* and the reconstruction of the line itself with all speed, and for this reason it had been found necessary to go to America for plant and rolling-stock; since in no other country had it been found possible to obtain sufficiently speedy delivery.<sup>1</sup> He emphasised the desire of Japan to encourage the trade and enterprise of all nations in Manchuria, since by this means would the wealth and resources of the country be most speedily developed. And in confirmation of this he called attention to the Investigation Bureau instituted by direction of the Governor-General

<sup>1</sup> This for the benefit of the English public, since a certain amount of annoyance had been shown at the purchase of American goods with English money.

at Tairen, at which information concerning the country would be given to any one, of whatever nationality, who took the trouble to apply.

I have dwelt at some little length upon the rosy prospects of the South Manchurian railway, and upon the avowed policy of those who are responsible for its direction, because they have a direct bearing upon the attitude of the Japanese Government towards a railway question of international interest and importance, which has been the subject of acute controversy in Great Britain, China, and Japan during the past year.

During the summer of 1907 it became known that China was contemplating an extension of her railway from Hsin-min-tun fifty miles north to Fa-ku-men, a place situated in a fertile district west of the Liao river—whence, no doubt, it might at some future date be carried to the Russian trans-continental railway at Titsihar. Japanese interest was at once aroused. With commendable foresight she had, in December 1905, concluded certain agreements with China which had not seen the light

of day alongside with the published treaty of that month. Among these was an undertaking by China, "with the view of protecting the interests of the South Manchurian railway, *not to construct a parallel line or a branch line near the said railway before its reversion to China*,"—an agreement as to the validity of which the British Government admits there can be no doubt.<sup>1</sup>

<sup>1</sup> In reply to a question by Mr Lyttelton on March 24th, 1908, Sir Edward Grey gave the information which the British Government possessed with regard to the agreement in question. Appended are the question and answer:—

Q. Mr Lyttelton.—To ask the Secretary of State for Foreign Affairs, if the attention of his Majesty's Government has been directed to the protest raised by the General Chamber of Commerce of Niu-chwang against the attitude of Japan in forbidding the construction by China of the Hsinmintun-Fakumen railway; is his Majesty's Government in possession of a copy of the alleged agreement by which Japan claims the right of vetoing the construction of that railway; was it received simultaneously with the receipt of the Chinese-Japanese treaty of 1905, and, if not, when was it received by his Majesty's Government, and does it bear the signature of the plenipotentiaries of the Chinese-Japanese treaty of 1905; and, if the alleged agreement does not bear these signatures, has it any validity?

A. Secretary Sir Edward Grey.—The reply to the first part is in the affirmative. His Majesty's Government are in possession of the text of the clause of the protocol by which Japan

Here, then, was the very possibility which the Japanese had foreseen, and against which they had guarded, assuming a definite shape, and on August 10th (1907) a strong protest was entered by Japan, and repeated on October the 12th and November the 6th. China, however, maintained that the distance separating the two lines—said to be thirty-five miles at the nearest point—was too great to enable Japan to claim that the proposed line came within the scope of the undertaking of December 1905, and on November the 8th she signed an agreement with the British and Chinese Corporation for financing and constructing

claims the right of vetoing the construction of the Hsinmintung-Fakumen railway. It runs as follows :—

“The Chinese Government engage, for the purpose of protecting the interest of the South Manchurian railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighbourhood of, and parallel to, that railway, or any branch line which might be prejudicial to the interest of the above-mentioned railway.”

This was communicated to his Majesty's Government in April 1906, shortly after the treaty referred to by the right honourable member. We are informed that the protocol bears the signatures of the Chinese representatives ; there can be no doubt as to its validity.

the line. As soon as Japan learned of this proceeding she entered a protest against the execution of the scheme.

Thereafter public opinion in England and among Englishmen in the Far East arrayed itself whole-heartedly on the side of China. Chambers of Commerce, led by the Chamber at Niu-chwang, passed resolutions strongly condemnatory of the action of Japan, and accusations against her of violating the sovereignty of China and the principle of the open door filled the air. The Japanese Government retorted by quoting prohibitory agreements similar to her own, contracted by other Powers equally pledged to the policy of the open door, with China in the case of other railways, such as the agreement between China and the American China Development Company of July 13, 1900, in which it was stipulated that—

“without the express consent in writing of the Director-General and the American Company, no other rival railway detrimental to the business of the same is to be permitted, and no parallel roads to the Canton-Hankow line are to be allowed to the injury of the latter's interest, within the

area served by the Canton-Hankow main line or branch lines,"

and concluded by asserting that her action was based upon the solemn undertaking by China with regard to a *particular* railway, and that the question had no bearing whatsoever upon the general principle of the policy of the open door.

The precedents quoted by Japan were at once challenged by the representatives of the British syndicate. It was contended that the American contract for the Hankow-Canton railway, and the British contract for the line from Canton to Kowloon, were purely financial and industrial agreements made between the Chinese Government and private companies for the construction of Chinese Government railways under Chinese control; and that the lines being mortgaged as first security for the repayment of the necessary loans, the inclusion of the restricted condition in regard to parallel lines was obviously beneficial to all concerned, since it facilitated the raising of capital abroad. Nevertheless, as the history of railway construction in

China clearly proves, this condition was never intended to be (nor could it be) arbitrarily interpreted by the representatives of the foreign bondholders to restrict the Chinese Government from constructing other railways parallel to these lines, the evident and only intention of the condition being to reassure investors that the Chinese Government would not (presumably at the instance of another Power) do anything to injure property which is mortgaged for security of foreign loans. No such argument could, however, be applicable in the case of the South Manchurian railway, which was not a Chinese railway, for which China had incurred no liabilities, and in which she was not even financially interested. And so the war of words goes on.

The controversy is an unfortunate one. Putting aside all question of expediency, and bearing in mind for the moment the hard facts of the case only, the attitude of Japan is undoubtedly justifiable. "The existence of the agreement of December 1905," as Sir Edward Grey declared in the House of Com-

mons, "is not disputed by the Chinese Government. It is open to the contractors to prove, if they can do so to the satisfaction of Japan, that the proposed railway would not prejudice the South Manchurian line, and so would not violate the agreement." This they have not succeeded in doing.

As a matter of expediency, however, it appears to the impartial onlooker that there is much to be said in favour of submitting the question to arbitration. Japan has excited envy by her success; she secured the sympathy of the Powers because of her declared attachment to the policy of equal opportunity; she is alienating it by reason of proceedings on her part which savour strongly of a policy of exclusion. The agreement of December 1905 is there; but it is an agreement which may easily be interpreted as violating the principle of the open door, and the fact that it was kept secret at the time when the treaty, of which it was to all intents and purposes a part, was published to the world, will only add to the disfavour with which it is now viewed. Moreover, the Chinese



assert that the agreement was made under what amounted to compulsion, and that, even so, it was only accepted by them on an assurance by the Japanese Plenipotentiaries that "under no circumstances would Japan do anything to restrict China in future from any steps she might desire to take for the extension of means of communications in Manchuria."

This may or may not be so; but even if it could be proved that it were not so, those who view the progress of Japan with other than friendly eyes will find many weapons ready to their hand. Article V. of the Agreement between Great Britain and Japan of August 12th, 1905, asserts that—"The High Contracting Parties agree that neither of them will, without consulting the other, enter into separate arrangements with another Power to the prejudice of the objects described in the preamble of this Agreement"; and among the objects described in the preamble are "the preservation of the common interests of all Powers in China by insuring *the independence and integrity of the Chinese Empire* and



*Fields of giant millet in Manchuria.*



the principle of equal opportunities for the commerce and industry of all nations in China." It may be plausibly argued that the Agreement of December 1905 contravenes this clause of the Anglo-Japanese Agreement, and there is, in any case, little doubt that the present action of Japan is regarded by many as a violation of Chinese sovereignty. "The Fa-ku-men question," writes a resident in the Far East, "has afforded the last, and not the least, of many proofs that China's suzerainty is nominal, and Japan's real, in South Manchuria; it is this fact—and not a fifty-mile railway contract—which has aroused the indignation of Englishmen."<sup>1</sup> Japan cannot afford to alienate the sympathy of Englishmen; surely, then, it would be to her advantage to make a graceful concession, to waive the letter of the law, and to offer to submit the matter to arbitration.

The searchlight of public opinion is turned with full force upon Japan at the present

<sup>1</sup> From a letter published in the 'Japan Weekly Mail' of February 8th, 1908, by an anonymous correspondent, "whose views," according to the writer of the 'Mail's' leading article, "have much value."

time. Criticism of her actions is all the sharper owing to the attempt—well intentioned no doubt, but mistaken—made not so very long ago, by a school of political thought in Great Britain, to apotheosise an essentially human people. The unreasoning panegyrics of hysterical enthusiasts at home were calculated to evoke jeremiads on the part of those whose lot it is to submit Far Eastern developments to the cold test of unimpassioned criticism and practical experience. If the sentimentalists were foolish enough to imagine that Japan was spending millions of money and sacrificing thousands of lives in Manchuria,—that she was staking her very existence, in fact, upon the fall of the dice of war, for the sole benefit of others who were unwilling to put up the stakes,—they have only themselves to thank if they are meeting with a rude disenchantment. Such altruism may be preached but is certainly not practised by humanity as at present constituted. Two hundred millions sterling and 85,000 lives<sup>1</sup>

<sup>1</sup> Three great ceremonies have been held in Japan since the war in honour of those who lost their lives for their

must count for something. No other country in the world would fail to make every endeavour to obtain in return every advantage which political or diplomatic exigencies allowed. Let the good folk who exalted Japan realise that their supposed god is after all composed very largely of human clay, and they will realise that her procedure is no more open to criticism than would be the procedure of any other Power—and a good deal less than would almost certainly be that of most other Powers which might have chanced to find themselves in the place of Japan to-day.

The South Manchurian railway is, as I have been at pains to point out, the sole material return which she has to balance the loss of £200,000,000 and 85,000 lives; and if I advocate the submission of the Fa-ku-men railway question to arbitration on the ground of expediency, I nevertheless fail to see any country. On the first occasion the number of spirits worshipped amounted to 29,550, on the second to 30,877, and on the third and last to 24,021. Thus the total number of lives lost amounted to 84,448—a number approximately equal to three army corps.

thing reprehensible<sup>1</sup> in her endeavouring to safeguard, by diplomacy, the single material return which she has to show for the misery and carnage of eighteen months' war.

My task is done. I have described with pen and camera my journey across the heart of China; I have sketched in outline the history of the advance of Great Britain to the western confines of that country; I have examined critically, and to the best of my ability, the present state of Chinese commerce, communications, and reform; I have endeavoured to lay before the reader an unbiassed presentation of the politico-moral problem arising out of the Chinese opium traffic; and finally, I have made bold to attempt some prediction as to the future of Japan. However great the shortcomings—and they are doubtless many—I still venture to cherish the belief, that in the

<sup>1</sup> If the British Government had considered the Agreement of December 1905 to be a violation of the Anglo-Japanese Agreement of August 1905, they should surely have lodged a protest when the December Agreement was first communicated to them in April 1906.

foregoing pages there may be found something both of interest and of use to the people of our country, whose fortunes, for better or worse, are inextricably interwoven with those of the peoples of the East.





AGREEMENT BETWEEN CHINA AND JAPAN  
RESPECTING RAILWAYS IN MANCHURIA.

SIGNED AT PEKING, APRIL 15, 1907.

ARTICLE I.

The Chinese Government, in purchasing the railway constructed by Japan between Hsin-min-tun and Mukden, shall pay 1,660,000 *yen*, the price mutually agreed upon, to the Yokohama Specie Bank at Tientsin. The Chinese Government, in reconstructing the railway, shall borrow half of the funds required in the work east of the Liao from the South Manchurian Railway Company.

ARTICLE II.

The Chinese Government in constructing a railway between Kirin and Changchun shall borrow half of the necessary funds from the South Manchurian Railway Company.

ARTICLE III.

Terms of the loans mentioned in Articles I. and II. shall be fixed according to the terms of the loans of the railways in and out of Shanhaikwan, except the provisions relating to the date of repayment. Principal terms are as follows: As for the regulations relating to the conduct of the general affairs of the

railways, the present regulations of the Bureau of Railways in and out of Shanhaikwan shall be followed.

(a) Term of redemption of the loan shall be eighteen years with regard to the loan relating to the Hsin-min-tun-Mukden railway east of the Liao, and twenty-five years with regard to the loan relating to the Kirin-Changchun railway. No repayment shall be made before the above-mentioned dates.

(b) The property and receipts of the Hsin-min-tun-Mukden railway east of the Liao shall be offered as security for the South Manchurian Railway Company's loan relating to that railway. The property and receipts of the Kirin-Changchun railway shall be offered as security for future contracts by the Kirin Railway Bureau and for the loan from the South Manchurian Railway Company.

During the term of the redemption of the loans, the Chinese Government shall maintain in good condition the railway east of the Liao, the Kirin-Changchun railway, the premises, workshops, rolling-stock, land, movables, &c., and endeavour to replenish from time to time the rolling-stock required for maintaining traffic.

If, in the case of future extension of the Kirin-Changchun railway or the construction of branch lines, there occurs a deficit in capital to be paid by the Chinese Government, the latter shall ask the Company for a loan. But in case the Chinese

Government constructs other railways on its own account, it has no need to consult the Company.

(c) The Chinese Government guarantees the payment of the principal and interest of the loans. When payment does not take place at the date mentioned, the Chinese Government on receiving notification from the Company shall pay the required sum. In the event of the Chinese Government failing after receiving the above notification to pay the principal and interest in arrear, the above railways and the whole of their property shall be handed over to the Company and placed under its control until the said principal and interest shall have been paid. But when the sum in arrears is small, a grace of not more than three months may be allowed.

(d) During the term of the loans, a Japanese shall be engaged as chief engineer. In the event of a sufficient number of Chinese not being forthcoming for the conduct of railway business, Japanese shall be engaged. A change of chief engineer, if necessary, shall be effected after consultation with the Company.

Moreover, an experienced Japanese shall be engaged as railway accountant. He shall have full responsibility for the disposition and superintendence of matters relating to the railway account business. He shall discharge the task of superintendence always in consultation with the Director-General of the railways.

(e) The above railways, being under the jurisdiction of the Chinese Government, shall carry *gratis* the troops and provisions sent by the Chinese Government in time of war or famine.

(f) Receipts of the above railways shall be all deposited with Japanese banks. The method of paying in the deposits shall be decided upon by negotiations to be carried out for the conclusion of the loan contract.

#### ARTICLE IV.

The Chinese Government, after the purchase of the present Hsin-min-tun-Mukden railway, shall conclude, as soon as possible, the loan contract relating to the railway east of the Liao. Again, the Chinese Government shall cause Chinese and Japanese engineers to co-operately survey the route of the Kirin-Changchun railway, in order to investigate the expenses required for its construction. The loan contract with the South Manchurian Railway Company shall be concluded within six months after the conclusion of the said investigation.

#### ARTICLE V.

Both the Hsin-min-tun-Mukden and Kirin-Changchun railways to be constructed by China shall be connected with the South Manchurian railway. All regulations relating to this connection shall be decided upon in negotiations to be carried out between the committees to be appointed respectively by the

Chinese Railway Bureau and the South Manchurian Railway Company.

ARTICLE VI.

The actual receipts of the loans mentioned in Articles I. and II. shall be equitably fixed in reference to the latest loan contract concluded by China with other countries.

ARTICLE VII.

The Hsin - min - tun - Mukden railway shall be handed over within one month after the payment of its price to the commissioners to be despatched by the Chinese Railway Bureau.



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